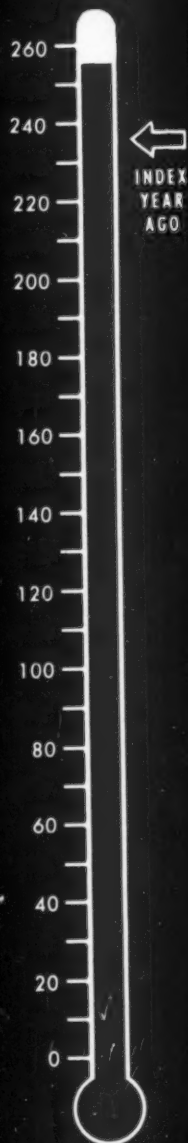


BUSINESS WEEK

Eisenhower's
Program
PAGE 25



Toronto-to-Hamilton Highway: A 40-mile industry row for Canada (page 58)

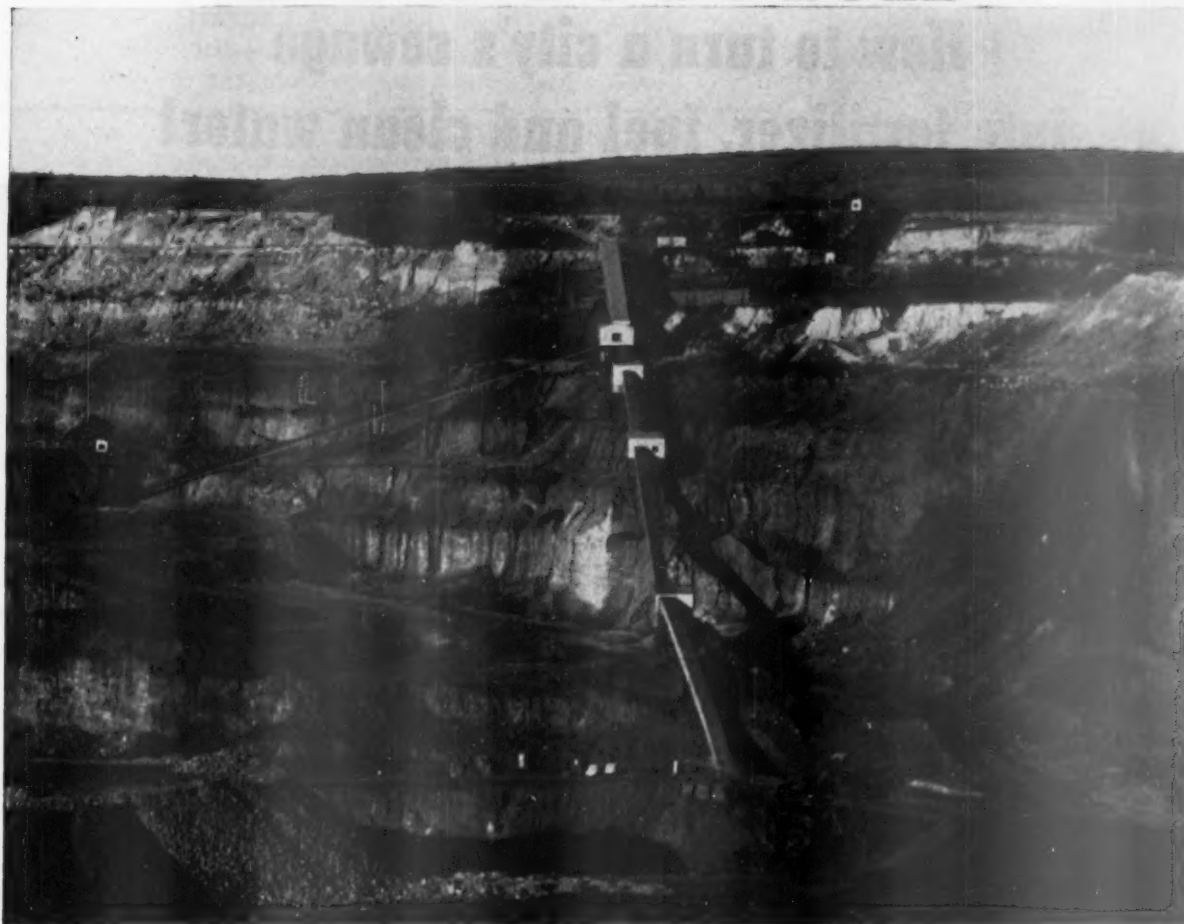
A MCGRAW-HILL PUBLICATION

FEB. 7, 1953

RESEARCH KEEPS

B.F. Goodrich

FIRST IN RUBBER



Your car may have started in that hole in the ground

A typical example of B. F. Goodrich improvement in rubber

METAL things you see every day—cars, stoves, refrigerators—get their start here. It's an iron ore mine—one of the largest in the country.

But getting the ore out of the deep pit was once a big problem. At first, they used railroad cars. But as the mine got deeper, this was too slow, expensive.

They wondered if there was a conveyor belt made that would be strong enough to haul the heavy loads. Then B. F. Goodrich engineers told the mine owners about the B. F. Goodrich cord belt. Unlike the usual conveyor belt, made of rubber and layers of fabric, this improved BFG belt is made of individual cords each imbedded in rub-

ber. It has all the flexibility of rubber yet has hundreds of cords to give strength and load-carrying power. Where crashing blows might tear other belts, the B. F. Goodrich cords-in-rubber can "give", and so take up the shock and spring back into position.

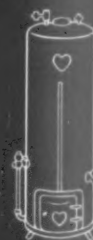
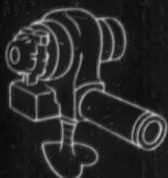
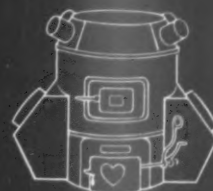
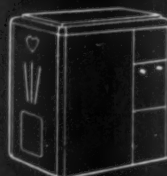
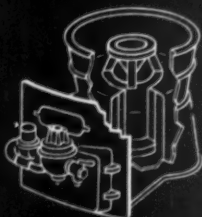
In 1944, BFG cord belts were installed in that long runway you see in the picture. Up to now, they've already carried 19 million tons. And the belts are standing up so well to the jagged chunks of ore that engineers estimate they will reach an age of 14 years, and carry a record-breaking 30 million tons.

The cord conveyor belt is typical of

B. F. Goodrich product improvement. Other BFG improvements have resulted in grommet V belts that last 20 to 50% longer, rubber linings which reduce the cost of handling acid and at the same time protect workers from injury—and hundreds of other products that last longer, serve better. To take full advantage of these many and frequent improvements, call in your BFG distributor or write *The B. F. Goodrich Company, Industrial & General Products Division, Akron, Ohio.*

B.F. Goodrich

RUBBER FOR INDUSTRY



***"Nationals* save us \$125,000 yearly . . .
repay their cost every year!"**

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"World's Largest Installers of Home Heating Equipment"**

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roll and many other records are processed daily and with great economy.

"And National Machines' remarkable simplicity of operation makes it easy to train operators. And easier to keep them happy!

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W. H. Durr
Secretary

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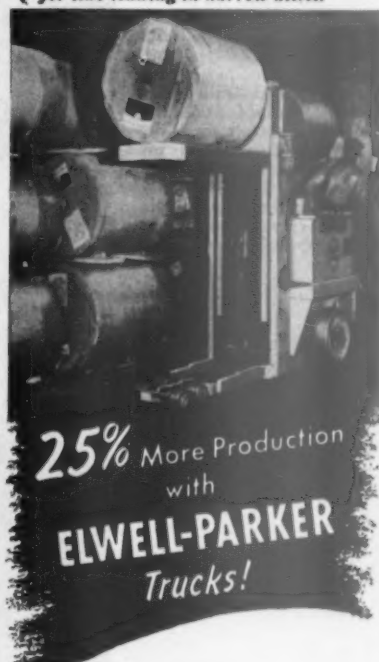
ADVERTISING & BUSINESS MANAGER Herman C. Sizem

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High lift platform truck especially suited for side loading in narrow aisles.



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Handling 2300 lb. paper rolls and other printing supplies, this publisher gained three benefits with E-P trucks: 1. *Faster Work with Less Labor*—Mechanized handling has freed 3 men for other duties and upped production one quarter. 2. *Savings in Space*—Elwell-Parkers tier rolls up to 4 high—2 were the limit when done manually. 3. *Greater Safety*—Hazardous lifting has been eliminated. Also, damage to paper is minimized.

Today, in over 300 different industries, production is being speeded by E-P trucks. Make sure *you* are achieving the full benefits of mechanized handling—draw on Elwell-Parker's 45 years' experience. No obligation.

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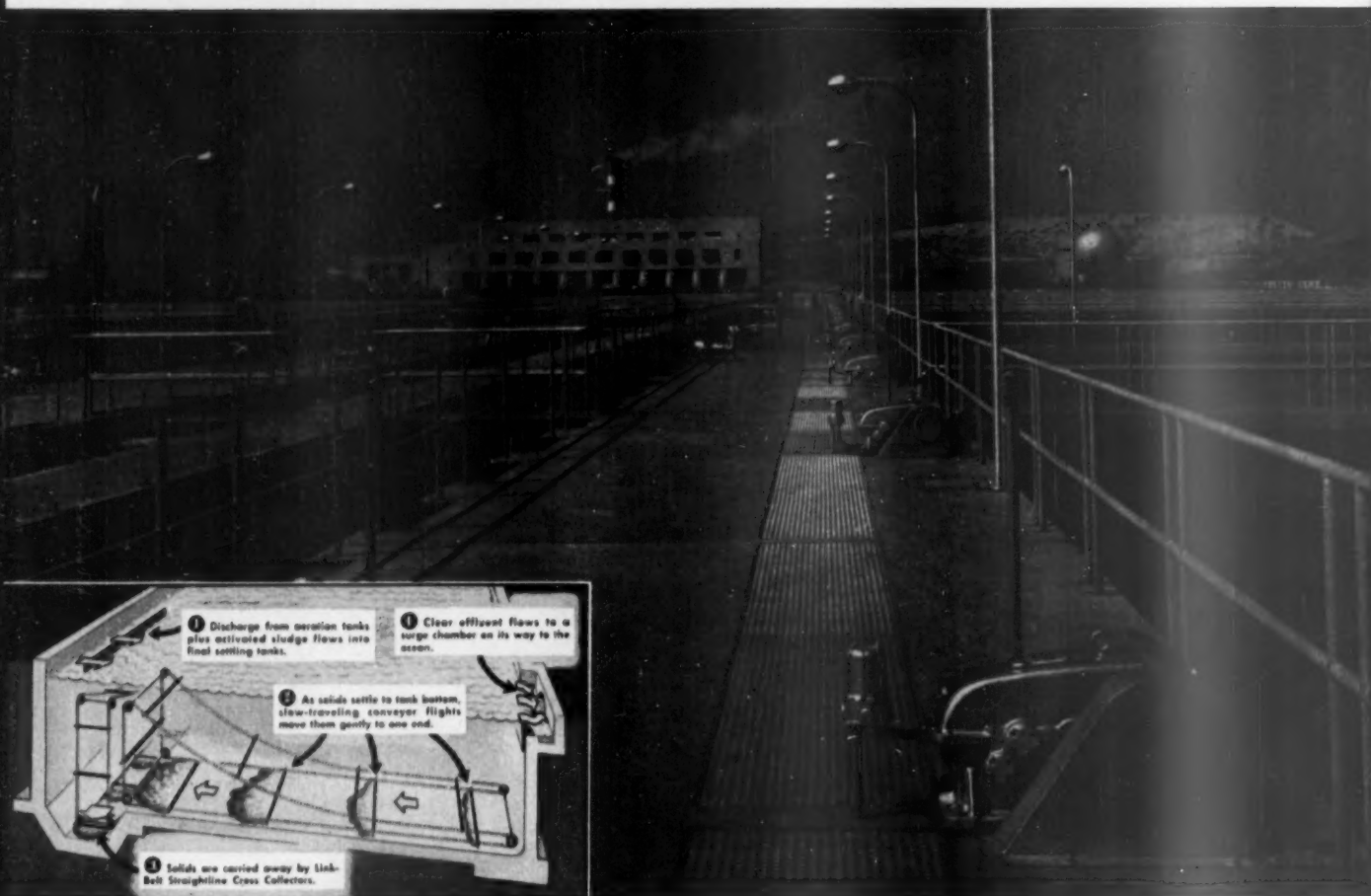
on Scientific Materials Handling. Ask for "Industrial Logistics" and name your product. Write The Elwell-Parker Electric Company, 4002 St. Clair Ave., Cleveland 3, Ohio.



ELWELL-PARKER
Power Industrial Trucks
Since 1906

Link-Belt Research and Engineering . . . Working for Industry

How to turn a city's sewage into fertilizer, fuel and clean water!



New Los Angeles Sewage treatment plant uses 100 LINK-BELT Straightline Sludge Collectors

FOR 10 years, the city of Los Angeles had 12 miles of beach quarantined. Then they decided to do something about it. They eliminated the source of pollution with the opening of the Hyperion activated sludge plant. Covering 75 acres, this modern plant is designed to serve 3,000,000 people.

Not only can Los Angeles now use its beaches, but the sludge gathered by the Link-Belt Straightline Collectors is converted into fertilizer. Gas, generated in the digestion tanks, fuels the power house. And the clarified water, now piped safely into the ocean a mile off shore, can some day be used for irrigation.

In hundreds of cities, large and small, Link-Belt equipment is used for the purification of water supply as well as for sewage treatment. And industry relies more and more on this equipment for salvaging valuable solids from waste . . . simultaneously preventing pollution of lakes and rivers.

Helping guard the nation's health is just one result of continuous Link-Belt research and engineering. In almost every industry, you'll find Link-Belt conveying, processing and power transmission machinery speeding production, cutting costs, making America better through greater productivity.

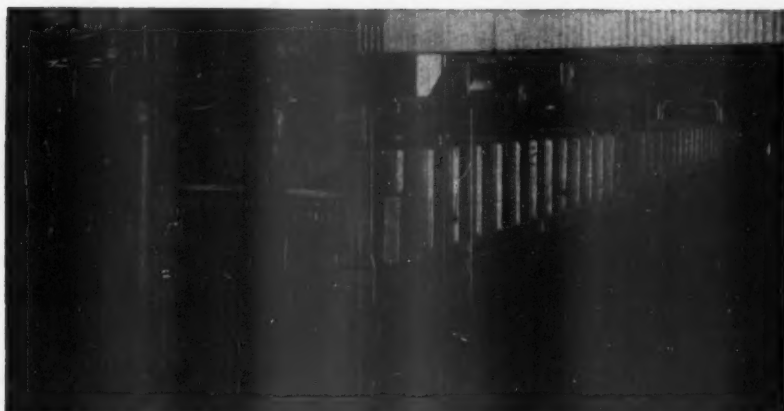
Storm peaks of 420,000,000 gallons per day can be treated at the \$41,000,000 Hyperion plant. Photo and schematic drawing show Link-Belt Straightline Collectors of which there are 100 in the final settling tanks. Plant designed under direction of Lloyd Aldrich, City Engineer, and Metcalf and Eddy of Boston.

LINK-BELT
LINK-BELT COMPANY

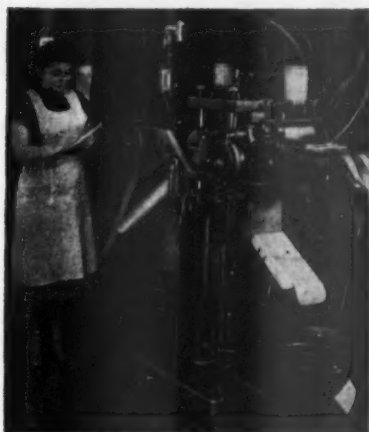
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**ONE SOURCE . . . ONE RESPONSIBILITY
FOR CONVEYING, PROCESSING AND
POWER TRANSMISSION MACHINERY**



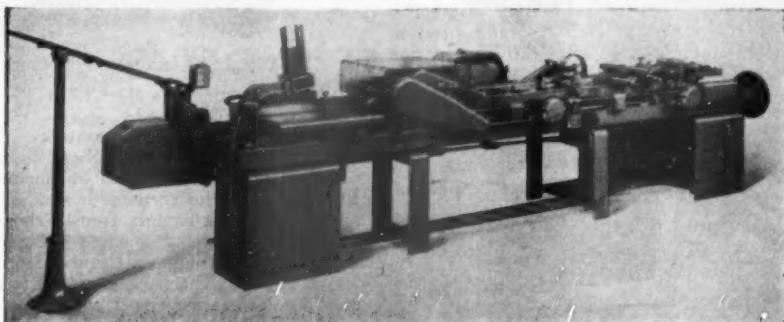
BETTER ANNEALING MEANS BETTER GLASS — Removing the strains developed during the bottle-forming operation requires carefully balanced reheating and cooling. Hartford-Empire annealing and decorating lehrs provide this exacting temperature control.



ASSEMBLY OPERATIONS FOR NOTHING — By making it practical to combine many operations into a single progressive sequence, the Henry & Wright Dieing Machine eliminates numerous cost factors in the production of stamped metal parts, including separate assembly operations.



SAFE HANDS CUT COSTS — Feed-O-Matic does the hazardous job of feeding parts into a die in tricky secondary punch press operations. Operator's hands are always safe. V & O Feed-O-Matic's mechanical pick-up and transfer boosts human and machine productivity rates by phenomenal percentages.



PACKAGE AS EFFICIENTLY AS YOU PRODUCE — Standard-Knapp packaging machines are designed to put your present and future packaging operations on the same high plane of efficiency as the most advanced manufacturing equipment. The above machine sets up carton, inserts rolls of film and then folds flaps into place.

NEW LITERATURE

Check any product information you want and mail this coupon to any Emhart unit listed below. . .



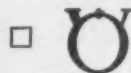
HARTFORD-EMPIRE CO.
Division of
Emhart Mfg. Co.
HARTFORD 2, CONN.



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Subsidiary of
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Division of
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510 Windsor Street
HARTFORD 5, CONN.

GENERAL

☐ Pictorial Review of Major Emhart Products

GLASS

☐ Batch Chargers ☐ Forming Machines
☐ Feeders ☐ Lehr Loaders
☐ Annealing and Decorating Lehrs

PLASTICS

☐ Plastic Bottles ☐ Extrusions
☐ Carboy Data Sheet

PACKAGING MACHINES

☐ Unloaders ☐ Packers
☐ Rinsers ☐ Labelers
☐ Cartoners ☐ Case Cleaners
☐ Gluers & Sealers ☐ Palletizers & De-palletizers

METAL WORKING

☐ Henry & Wright Dieing Machines
☐ Henry & Wright "Press Load Calculations"
☐ Henry & Wright Case Histories
☐ V & O Inclined Presses
☐ V & O High Speed Presses
☐ V & O Notching Presses
☐ V & O Roll and Dial Feeds
☐ V & O Feed-O-Matic

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TITLE _____

COMPANY _____

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CITY & STATE _____

Only the best is good enough

FILLED BINS of plastic squeeze bottles at Plax Corporation, West Hartford, Conn., show continued production expansion. Companies that tried the unbreakable container for one product are re-ordering and adopting it for more products. ICC approval of Plaxpak carboy bottles paves way to wide industrial use of the freeze-proof package.



Squeeze Bottle Success Points Up Emhart Teamwork

Teamwork among the five units forming Emhart Mfg. Co. results in each doing a better job for its customers. Each can draw from the specialized experience of the other four. This interchange of knowledge broadens each unit's understanding of customer needs, which is reflected in timely and realistic product improvement.

Another advantage is that specific problems can be looked at from different vantage points. Customer service is sharpened by a keener insight into overall sales and production requirements. Basic theme behind the Emhart approach is: "By buying something in a given field from a company that has experience in many fields, you benefit from the total experience."

EMHART MFG. CO.

MARINE INDUSTRY



BENDIX MAGNETOS

assure fast starting and reliability

electronic components for remote indicating and actuating equipment—all useful to ship designers, builders and owners and all built to the very highest quality standards in the industry. Additional products are being added as the 4000 Bendix engineers, 14 research centers and 23 manufacturing divisions continue to widen the application of the many industrial sciences in which they are skilled—electronics, hydraulics, fuel metering, magnetics, chemistry, pneumatics, meteorology, aerological physics, and nucleonics.

If you operate in the marine field, or any other major industry, it will obviously pay you to get better acquainted with Bendix. To help you do so, Bendix has prepared a 40-page book—"Bendix and Your Business"—detailing its hundreds of products and unique facilities. A copy is yours for the asking.



Executives, Engineers—For a copy of this valuable book write on your company letterhead to Bendix Aviation Corporation, 1100 Fisher Bldg., Detroit 2, Mich.

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THE NAME MILLIONS TRUST

PRODUCTS: automotive brakes; power steering; carburetors; aviation brakes; landing gear; fuel metering. BENDIX AVIATION MARSHALL ECLIPSE: brake blocks; brake lining. ECLIPSE PIONEER: aviation instruments and accessories; foundry. FRIEZ: weather actuators; depth recorders. ZENITH® CARBURETOR: heavy duty and small engine carburetors. SKINNER PURIFIERS; filters. SCINTILLA MAGNETO: —Windsor, Ontario. BENDIX INTERNATIONAL—72 Fifth Ave., New York 11, N. Y. Cable "Bendixint" New York.

®REG. U.S. PAT. OFF.

Here's how **BENDIX** nets profits for the

Bendix makes 25 products for this field alone



BENDIX FISH-FINDER AND ELECTRONIC PILOT
make fishing more profitable and cruising more fun

Bendix products for the marine field are deservedly ranked among the most important and useful achievements of Bendix creative engineering. Larger returns, simplified operation, and greater safety inevitably follow their use.

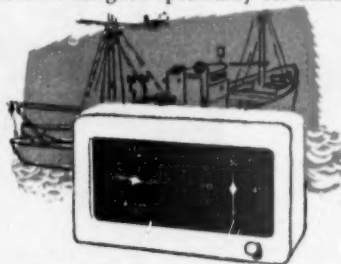
One of these products, for example, has increased the annual income of commercial fishermen by millions of dollars and added substantially to the world's food supply.

The Fish-Finder—Originally produced to simplify navigation by showing a continuous picture of the depth of water beneath the keel, the super-sensitivity of the Bendix* Depth Recorder quickly made it even more valuable as a fish-finder. Simply by watching the line formed on a moving strip of paper in a compact box located wherever convenience requires, fishermen can tell exactly where to drop their nets or hooks for a maximum catch. This electronic brain is also available in sizes to meet the needs and purses of pleasure boat owners. It can be purchased, at even more moderate cost, as a depth indicator alone—an invaluable navigation aid when cruising new waters or entering strange harbors.

Automatic Pilot—For owners of power craft, Bendix also builds the Photo Electric Pilot. Simple, fool-proof, inexpen-

sive and thoroughly reliable, this compact electronic device will automatically hold a boat on any desired heading for hour after hour, far more accurately than a human helmsman. The skipper is not only relieved of tedious hours at the wheel; he has ample time for other chores and can maintain a better lookout at night and in fog. With the Bendix Depth Sounder mounted near it, the small boat owner is assured vastly increased pleasure, safety, and cruising economy.

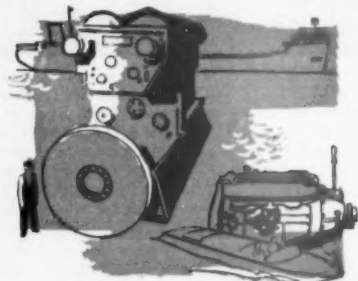
Weather Instruments—On the mast-head or deckhouse of many ships, Bendix is represented by the Marine Windial*—the only electric windspeed and direction indicator designed specifically for marine



BENDIX WEATHER INSTRUMENTS
deliver Weather Bureau accuracy

use. The transmitter is easily mounted. The indicator, with illuminated dials showing windspeed in miles and direction in degrees clockwise from the bow, can be placed wherever desired—usually in the wheelhouse, alongside other Bendix-Friez weather instruments such as the recording Microbarograph. While its cost is low, the Windial is a precision instrument built to Weather Bureau standards of accuracy.

Engine Equipment—Below decks, the reliability of Bendix products have won them high favor. Zenith* carburetors, with flame arrestors and drip collectors, are virtually the universal choice for gasoline-powered engines. Bendix Fuel Injection is just as highly commended by leading diesel engine builders. Bendix-Skinner filters, produced by the originator of micronic filtration, cover the entire range of marine requirements. Bendix* Electric Fuel Pumps are gaining



BENDIX ENGINE COMPONENTS
make power plants more efficient

wide acceptance as incomparably the most reliable ever built. Bendix flame-proofed and water-proofed magnetos—from the most trusted name in ignition—are preferred for engines from outboard motors on up for their undeviating reliability. And the famous Bendix* Starter Drive is the dominant choice for all types and sizes of marine power equipment.

The list continues with such products as electrical connectors, water-proof switches, dynamotors for radio equipment, and

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The Finest Picture Science
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PRINCIPAL DIVISIONS

BENDIX RADIO: auto, railroad, mobile, aviation radio; radar. **BENDIX RESEARCH LABORATORIES:** ECLIPSE MACHINE: Stromberg* carburetors; electric fuel pumps; starter drives; coaster brakes. **INSTRUMENTS:** RED BANK: dynamotors; inverters; special vacuum tubes. **PACIFIC:** telemetering; hydraulic and electrical aviation and small engine magnetos; diesel fuel injection; electrical connectors. **BENDIX ECLIPSE OF CANADA, LTD.**



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TO HELP GET THE ORDER—Keep markets informed of your goods and services; stimulate and support salesmen's activities with Addressograph-dispatched promotional material.

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graph short-cuts in order writing, shipping, accounts receivable and collections.

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At every step in the Prospect-to-Profit cycle repetitive writing has to be done. And—wherever you see the same information being written over and over again—that's where you will find a profitable use for Addressograph Methods.

Get complete facts from our nearby office or write Addressograph-Multigraph Corporation, Cleveland 17, Ohio—Simplified Business Methods.

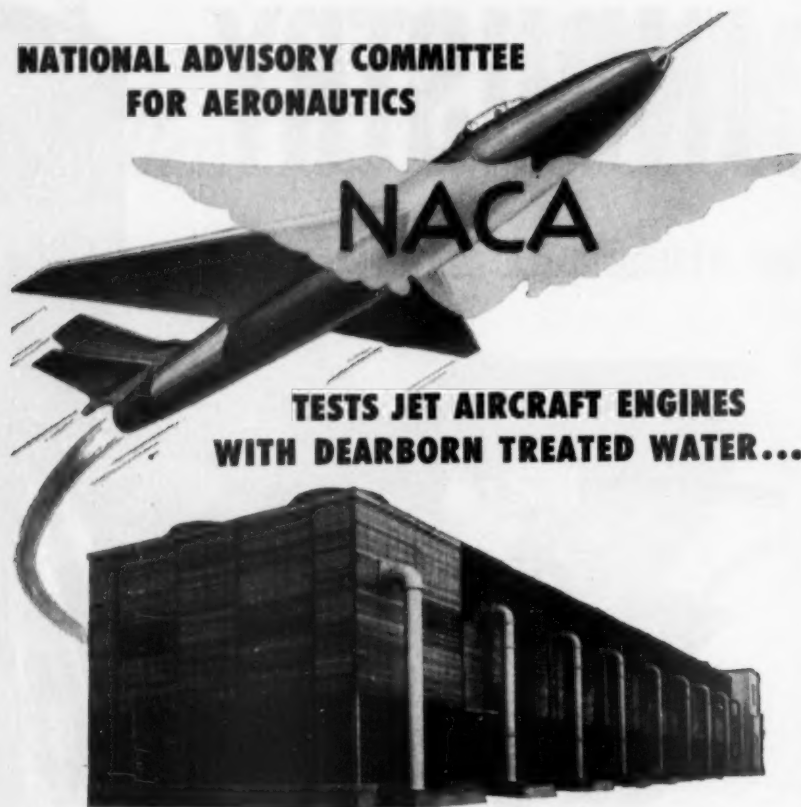
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Production Machines for Business Records

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NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS



**TESTS JET AIRCRAFT ENGINES
WITH DEARBORN TREATED WATER...**

JET ENGINE TESTING PROGRAM CALLS FOR ENORMOUS QUANTITIES OF CONDITIONED WATER

This is just one of many cooling towers that play an important part in NACA testing of jet aircraft engines. It's a 500,000 gallon capacity giant that recirculates 53,000 gallons of water per minute. And every gallon has to be properly conditioned ... to prevent scale formation, corrosion and delignification of the wooden structure.

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COMBATTING CORROSION EVERYWHERE SINCE 1887

Dearborn Chemical Company, Merchandise Mart Plaza, Chicago 54, Ill.

READERS REPORT

Wider Distribution

Dear Sir:

... Your story on Solar Air-Flo's modular window units (BW—Jan. 31 '53, p113) stated distribution by Libbey-Owens-Ford Glass Co. Actually, distribution will be handled entirely by Solar Air-Flo, Inc., Elkhart, Ind., and their distributors which will include distributors who also handle glass produced by Libbey-Owens-Ford Glass Co.

L. S. EMMERT

VICE-PRESIDENT
SOLAR AIR-FLO, INC.
ELKHART, IND.

Better Examine the Policy

Dear Sir:

In regard to your suggestion in Personal Business about saving some of the premium cost of automobile insurance by taking advantage of your summer home (BW—Jan. 10 '53, p132), may we call to your attention the following paragraph from the Massachusetts Automobile Bodily Injury Manual: "No adjustment of the premium shall be made by reason of a change in the place of principal garaging during the period of registration unless such change is permanent."

Because of the great variety of insurance rules in the different states it may be advisable to prefix your remark on insurance with the statement that the following can be done in some states. . . .

J. B. PEPPER

DEWICK & FLANDERS, INC.
INSURANCE
BOSTON, MASS.

• As you probably realize, what we said about reductions in liability rates is true in every state of the union—except Massachusetts. And your state—because of its compulsory liability law—is the exception to many rules.

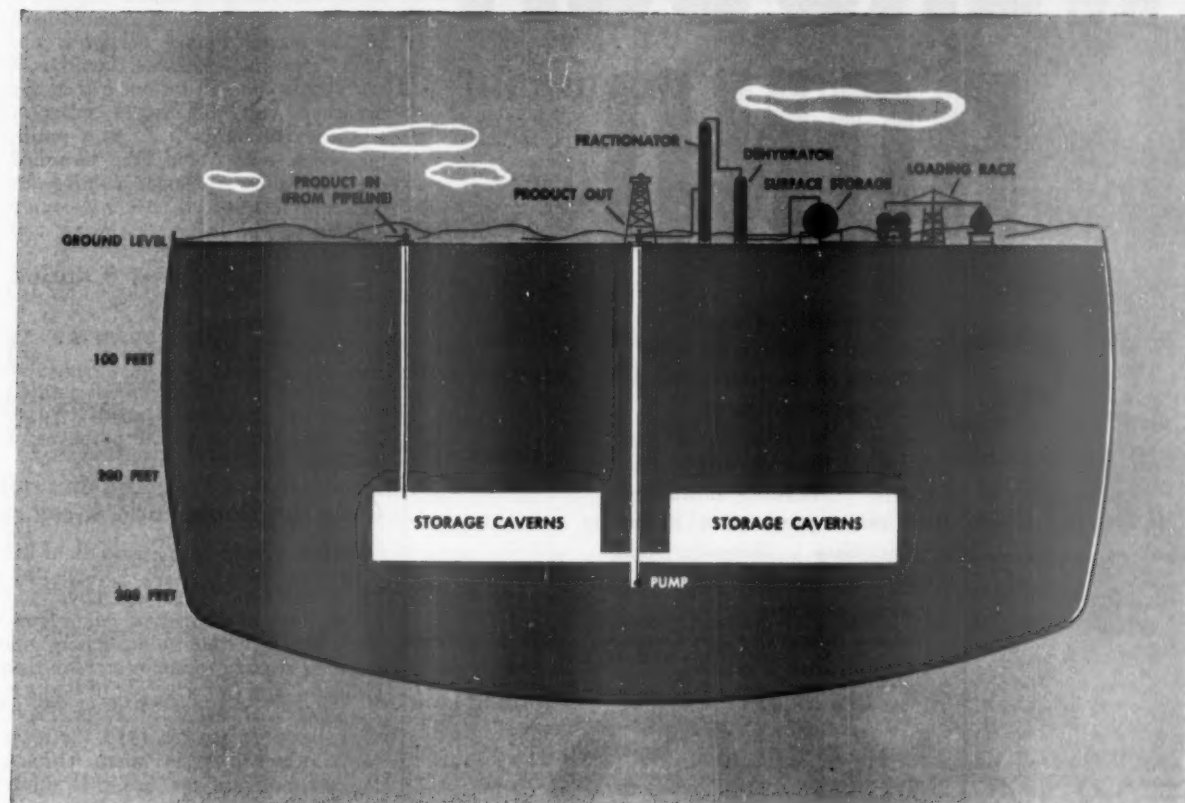
Those Prolific Smiths

Dear Sir:

We read with interest your article on Western Hemisphere trade corporations appearing in the Dec. 27, 1952, issue of BUSINESS WEEK (page 66). We were surprised to learn that the A. L. Smith Iron Co. is one of several U.S. companies "getting in on the WHTC deal."

While our Smithcraft Lighting Division is one of the nation's largest manufacturers of fluorescent lighting fixtures, our sales to Western Hemisphere countries outside the U.S. do not reach proportions that make a Western Hemisphere trade corporation

LP-GAS STORAGE *Goes Underground*



● Deep in the earth, Phillips is storing LP-Gases from summer production to help meet the peak demands of the winter months.

Near Borger, Texas, Phillips operates two caverns which hold 50,000 barrels each in salt formations 1,500 feet deep.

Another Phillips cavern is illustrated above. This is now being mined from shale below our

pipeline terminal at Kankakee, Illinois. It will store nearly 300,000 barrels of butane and propane for Chicago and the Great Lakes market.

With efficient, low-cost storage caverns linked by pipeline to processing plants and to markets, Phillips looks forward to continuing and extending its leadership in the mass marketing of liquefied petroleum gases.



PHILLIPS PETROLEUM COMPANY

Bartlesville, Oklahoma

We Put the Power of Petroleum at America's Service

**DOW CORNING SILICONE NEWS
NEW FRONTIER EDITION
ELEVENTH OF A SERIES**



Tall Tale

Speaking of stuff that heat won't hurt recalls how Davy Crockett cured himself. He knowed it weren't right to be hankering after another shemale, long's he was legally wed to Sally Ann Thunder Ann Whirlwind Crockett. So he sets out one stormy night to purge his heart of wishful thinkin'. Soon's he sees a full grown streak of lightning scorching through the sky he opens his mouth, blinks his eyes and swallows that thunderbolt whole. Cleansed his heart but his innards got so hot that for a month afterward he ate his vittles raw and cooked 'em on the way down.

to Fabulous Fact

Just as fantastic to design engineers or maintenance men is the fabulous fact that paints are now being made to withstand temperatures in the range of 350° to 1000° F. People have tried for generations to make protective coatings less brittle than porcelain, that would keep hot metal surfaces from rusting away. But paints with such stability had to wait until Dow Corning invented silicone resins.

The stability of these semi-inorganic paint resins is proved on thousands of space heaters, jet engine parts, red hot mufflers, stoves, ovens, power house stacks and process equipment.

And, in the near future, modified silicones will be used in large quantities to make paints, varnishes and enamels that are many times as weatherproof and colorfast as the best finishes now available.

For more information about these and the many other silicone products that help to keep democracy strong, write for that popular booklet called "What's a Silicone?" Simply address your request to Department E-2.

DOW CORNING CORPORATION
MIDLAND, MICHIGAN

**DOW CORNING
SILICONES**

ATLANTA • CHICAGO • CLEVELAND • DALLAS • NEW YORK • LOS ANGELES • WASHINGTON, D. C.
In England: Midland Silicones Ltd., London In Canada: Fiberglas Canada Ltd., Toronto

practical and we are not contemplating such an arrangement.

J. J. SMITH

PRESIDENT
SMITHCRAFT LIGHTING DIVISION
A. L. SMITH IRON CO.
CHELSEA, MASS.

• The company we meant is the A. O. Smith Corp., of Milwaukee, Wis., which is considering the setting up of a Western Hemisphere trade corporation.

Screening for Security

Dear Sir:

The article headed "The Foreign Legion" [BW—Dec.20'52,p60] prompts me, as a regular reader of BUSINESS WEEK, and as a recent alien, to add some remarks which may help clarify this situation to new residents of the U.S.

As may be seen in the many engineering magazines, there is still a great demand for engineers in this country. This will prompt many people who are resident abroad to seek entry. If they are fortunate enough to get admitted through the quota system where it exists, then they naturally expect to find employment so as not to become a public burden. Finding employment at present nearly always results in having to work for a company or corporation which has a government contract. Most companies have found that clearances are difficult to get for aliens and have become reluctant to employ them. It is therefore better for prospective aliens not to expect immediate employment by such companies but rather seek employment with those having no such government contracts. . . .

As an added remark, one is not permitted to apply for U.S. citizenship until a period of five years residence in the U.S. has elapsed. . . .

DONALD E. DAVIDSON
NORTH HOLLYWOOD, CALIF.

You Can't Win

Dear Sir:

Regarding your editorial "Taxes on Business Growth" in the Dec. 27, 1952, issue of BUSINESS WEEK (page 100), when over 50% of the net profit is taken by the federal government, a small business cannot expand as it should. . . . Unless we definitely need a new product, we do not add it because we cannot afford to increase our investment in the business.

Our main warehouse and offices comprise a one-story building with 37,000 sq. ft. on a corner. In 1952 it was necessary to build a new warehouse. I owned 8,000 sq. ft. across one street and, on the opposite street, I owned an empty lot with 30,000 sq. ft. Two wholesalers of household appliances . . . knew that

One day of feeling better doesn't mean you're cured

EVER HAVE FLU, feel better, and go out too soon—only to have a relapse worse than the first attack?

For years the world has been sick. "Something-for-nothing," "Welfare State, Socialism," "more-pay-for-less-work"—the disease has different names at different times and places, but it's the same trouble—loss of energy, ambition, faith-in-yourself.

Now much of the world and especially this part of it is feeling better; we think we'll live—as this is written it looks as though more housing,

lower prices, lower taxes, and most important of all, less war, are in prospect. BUT—

Don't let's take it too easy too soon. The fever of inflation and debt have wasted the nation's strength and substance which have to be built back. If we continue our tried and true American medicine of hard work, and add the convalescent tonic of thrift, we'll really recover. But as any doctor knows, this first surge of "feeling better" is the dangerous stage:

A relapse could kill us.



YOU CAN PRODUCE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY MACHINE TOOLS, TEXTILE MACHINERY, CONSTRUCTION MACHINERY

America does business on NEKOOSA BOND



*it pays to place
with your printer*

When specifying paper for letterheads, envelopes and business forms, remember these important facts: Nekoosa Bond is one of the largest selling papers in the world... Nekoosa Bond has distinctive appearance, durability, printability... Nekoosa Bond offers the prestige of a famous watermark! Nekoosa-Edwards Paper Company, Port Edwards, Wisconsin.

BOND
Nekoosa
MADE IN U.S.A.



I was going to build. . . . One distributor offered me \$50,000 in prepaid rent to be taken out at the rate of \$10,000 a year for five years if I would put up a 30,000 sq. ft. building and give him 10,000 sq. ft. in it. . . .

. . . . We built the warehouse on the 8,000 sq. ft. lot. In my business I am over the barrel. I cannot discontinue it or hope to sell it out. It is a profitable business, but it takes a lot of capital and energy to handle it.

On the larger building, I would have had to borrow money to put it up. After I paid the real estate taxes, Uncle Sam would come in for one-half of the net profit. I did not care to engage in any new enterprise. . . . As a result, the people who would have furnished the material for the larger building lost out, labor lost out, the city and county lost out on the higher tax listing, and the two tenants lost out.

J. S. KIMMEL

PRESIDENT
REPUBLIC ELECTRIC CO.
DAVENPORT, IOWA

• Our Oct. 18, 1952, editorial entitled "Taxes on Business Growth" (page 200) also referred to the problems of small business.

Only the Plants Fade Away

Dear Sir:

In your issue of Jan. 3, 1953; on page 78, in the item "High and Dry," you tell the story of the rise and fall of Howland, Me. . . . but in the telling you leave the reader with an impression that Gilman Paper Co. went out of business—and for that matter, St. Regis [Paper Co.], too. You say "In 1950, the town was threatened again when Gilman Paper Co. closed up, but that threat was lifted when St. Regis took over the Gilman plant. Now St. Regis has closed; [it was losing \$800,000 a year on the Howland mill, it says]."

Gilman is not out of business. We operate a large plant in Gilman, Vt.; also at Richmond, Vt. . . .

L. K. NORTON

ASST. TO THE VICE-PRESIDENT
GILMAN PAPER CO.
NEW YORK, N. Y.

• In case any doubt remains, both Gilman Paper Co. and St. Regis Paper Co., like old soldiers, never die. They are still very much alive. Neither of them, however, at present, operates a plant in Howland, Me.

Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 36, N. Y.



LD-400 Series

LFD-300 Logger

LCD-405
Cab-Over-Engine

ONAL TRUCKS

.....Built As Only **IH** Can Build 'Em

**Now—Have The Features
You've Always Wanted In a Truck**

- New International styling identified by the IH emblem.
- Complete line includes light-duty models, GVW ratings 4,200 to 9,000 lbs. Medium-duty models, conventional and cab-forward types, GVW ratings 9,000 to 16,000 lbs. Heavy-duty models, 4- and 6-wheel conventional, cab-forward, and cab-over-engine types for highway and off-highway service, GVW ratings 16,000 to 90,000 lbs.
- 296 Wheelbases ranging from 102 inches up.
- Exactly the right power for every job. Rugged, money-saving engines from 100 to 356 horsepower. Improved "Silver Diamond," "Blue Diamond," "Red Diamond" engines and an entirely new 130 horsepower "Black Diamond 282" engine. First truck builder to offer choice of gasoline or LP gas with Underwriters' Laboratories listing in 1½-ton sizes and other models. Diesel power optional in models rated 22,000 lbs. and over.
- Easy starting, greater fuel economy, with increased capacity generators, ignition-key starting, improved carburetion featuring fast-idle cams.
- Designed by drivers for drivers. Comfo-Vision cab with one-piece Sweep-sight windshield. New comfort and interior styling. New high-visibility instrument panel. New green-tinted, non-glare safety glass optional.
- Steel-flex frames proved best in the field.
- Transmissions to meet any requirement.
- Wide range of axle ratios for all models.
- Real steering comfort and control. Wider front axles permit a 37° turning angle for easier steering and maneuverability.



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R-190 Series

Motor Trucks . . . Industrial Power . . . Refrigerators and Freezers

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"Standard of the Highway"



Announcing ... NEW INTERNATIONAL

The Most Complete Line of Trucks In America.

The New International line is built for experienced truck buyers who consider *all* costs and *must* have top performance. It includes 168 basic models, from the ½-ton pickup to extra heavy-duty off-highway models.

Built the IH way. Every new model, regardless of size, embodies the same engineering principles that have kept International the leader in heavy-duty truck sales for 21 straight years.

Laboratory-proved, road-proved features. Every one of the 307 new features in this line has been designed, developed, and proved in the world's most advanced truck Engineering Laboratory, at Fort Wayne, Ind. These features have been road-proved at International Harvester's 4000-acre desert Proving Ground at Phoenix, Ariz.

Good news for truck buyers. The *New International* Truck line offers profit-minded truck buyers an unmatched combination of values—exactly the right truck for your job, unequalled performance, lowest maintenance and operating costs, and maximum driver comfort.

INTERNATIONAL HARVESTER COMPANY • CHICAGO

**See the New Internationals
at Your Nearest International Dealer or Branch**

International Harvester Builds McCormick Farm Equipment and Farmall Tractors ...



INTERNATI

BUSINESS OUTLOOK

BUSINESS WEEK

FEBRUARY 7, 1953

A BUSINESS WEEK

SERVICE

Wage-price controls were as good as dead the moment President Eisenhower suggested on Monday that they should be abandoned.

Thus it will be no more than fair for Washington to come through quickly with orders ending any further pretence. That will protect those who would hew honestly to the line against the chiselers.

“Confusion” over the end of price control won’t bother business much. The fog, if any, surrounds Washington.

No great buying rush will develop “to beat the new prices.”

Most businessmen know that, if they can place forward orders at today’s prices, the manufacturer doesn’t expect to boost much anyhow. There are few areas, after all, where competition will permit it.

Producers of metals are showing the way on handling prices of items that will go up when the ceilings come off.

Forward pricing has become general in copper, for example. You order now but pay the price prevailing on date of delivery.

This is an old story in metals. Producers rely on it in a rising market, users when the tide is running the other way.

Consumers might be expected, in other circumstances, to go on a buying binge as they see the end of price controls approaching.

Now, however, few of the things they buy are even close to the permitted ceilings. Autos are a notable exception, but manufacturers are much too intent on widening their markets to tamper with prices.

Production, it might be noted again, has had a lot to do with ending the need for controls of practically all sorts.

Here’s another new record (if you’re still interested): Production, as measured by the Federal Reserve Board Index, was 235 in December.

That was a rise of 17 points during the year. From the low recorded during the July steel strike, the upswing was 42 points.

For January, the Fed sees indications of “a small further rise.”

Our biggest production gains are being racked up in durable goods (including arms), as you might expect. But, unless you have been watching closely, you might not guess how well the consumer has done.

Whereas all durable goods are running about 11% ahead of a year ago, major consumers’ durables are better than 35% ahead.

High production and sales of consumers’ durables find reflection, as you would expect, in the time-sales figures.

Installment debt (including personal loans) hit \$16½-billion at the end of 1952. This was a rise of nearly \$3-billion for the year—and it brought the figure to about five times its prewar level.

Sales financed directly on installment paper made up nearly \$9½-billion of total installment loans (up \$1.8-billion in 1952).

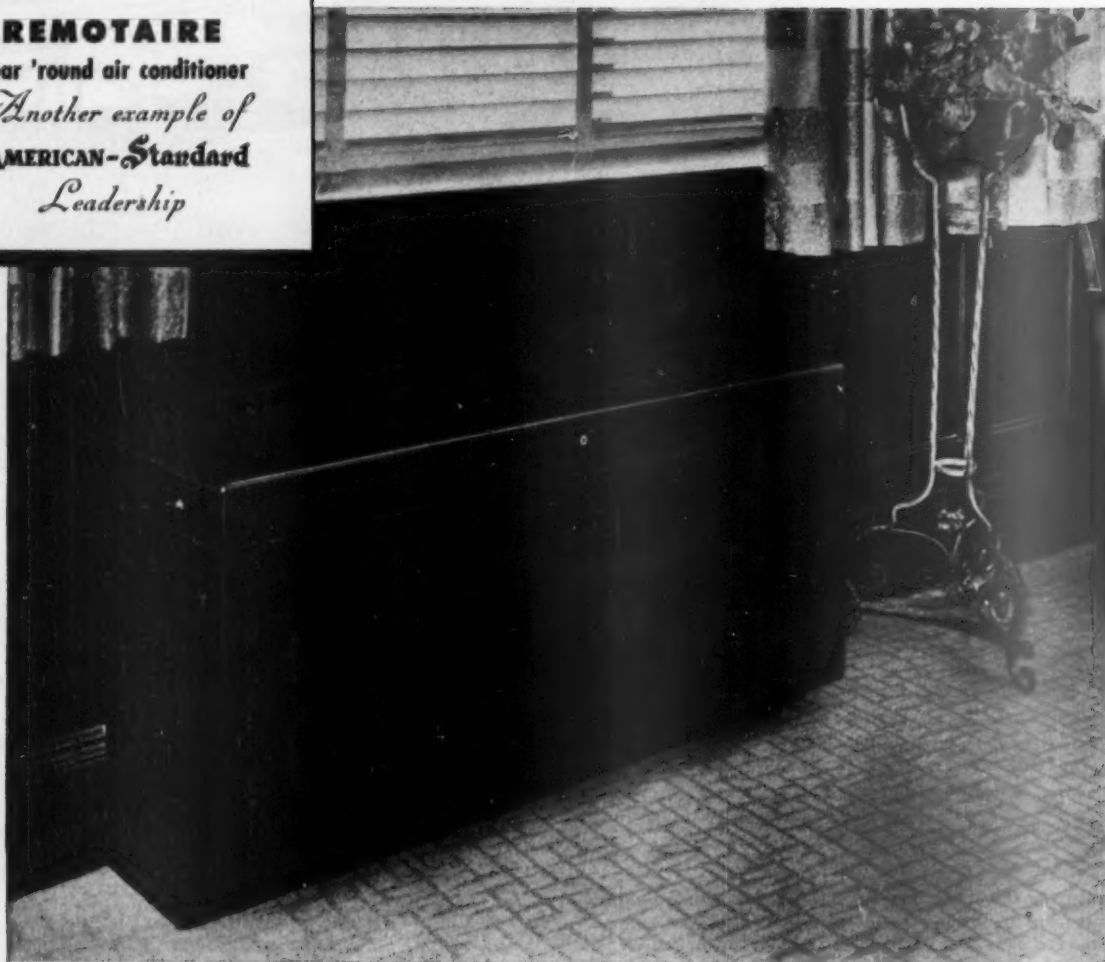
REMOTAIRE

Year 'round air conditioner

Another example of

AMERICAN-Standard

Leadership



New remote-type unit with individual room temperature control provides winter heating, summer cooling

THE Remotaire provides efficient, economical, all-weather air conditioning for hotels, motels, apartments, schools, office and industrial buildings, and other types of multi-room installations, including residences.

The Remotaire uses chilled water from a central water chiller for cooling and warm water from a central heating plant for heating. Ventilation air may be supplied

either through a wall aperture or several other methods if desired.

The Remotaire is ideal for modernization as well as new construction. It is a unit that can be readily

installed in the average existing building since piping connections are the principal installation requirement. For descriptive literature, write for Form 298.

AMERICAN-Standard



American Radiator & Standard Sanitary Corporation, Dept. BU-23, Pittsburgh 30, Pa.

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Lucky Travelers

● Kansas City and Chicago are big cities. A lot of people want to travel back and forth between them. The Burlington Railroad, always alert to serve the public in a first-class manner, asked us to build two more of the famous stainless steel Burlington Zephyrs.

These trains, sleek and swift and shining, complete with Vista-Dome cars and the very latest in decor and equipment, now go into daily service. Kansas City Zephyrs by day, American Royal Zephyrs by night.

Thus advances the tradition of superlative passenger service, begun with the Budd-originated Pioneer Zephyr nearly two decades ago, continued with the Twin-Cities Zephyrs, the Denver Zephyrs, the California Zephyrs and scores of other trains on America's foremost railroads.

All Budd-built, all stainless steel, with the strength and safety that only this fabulous metal can give.

The Budd Company, Philadelphia, Detroit, Gary.

Budd

PIONEERS IN BETTER TRANSPORTATION

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK

FEBRUARY 7, 1953

\$5-billion for the first time. With new car production estimated at a little over 4.3-million for the year, installment sales credit went up by more than \$1.1-billion.

In 1951 (with Federal Reserve credit curbs in force), the industry moved 5.3-million new cars with no direct boost in installment debt.

•
Charge accounts played little part in 1952 credit expansion.

The decline early in the year was nearly enough to match August-December expansion. Thus, even with a bounce of \$500-million in December, charge account debt was up only \$180-million for the 12 months.

•
Jobs in the federal government will be watched with interest as the new Administration's economy drive takes hold.

But don't take the yearend figure of 2,779,000 jobs (exclusive of the armed forces) as your benchmark. That included nearly 400,000 emergency workers, most of them carrying Christmas mail.

Prior to the holiday rush, federal employment was running just under 2.4-million. That was little changed from a year earlier.

•
Retailers employed more people than ever before in handling holiday sales. Just before Christmas, they had an estimated 8,173,000 on their payrolls, about 170,000 more than the year before.

And it's small wonder they weren't pleased with the quality of their workers; they had to take what they could get in an extraordinarily tight labor market.

While retailing was setting its job peak, manufacturers also were hanging up a new postwar employment record of 16.7-million.

•
Advance indications are that construction will set new records again this year—but it's doubtful that construction employment will.

Economy on federal jobs probably will hold the total down a bit.

But there's more to it than that. Bear in mind that employment in the building industry each month since last February has been a shade under the same month the year before. This despite record building.

The employment peak, in fact, was 2.8-million in August, 1951.

•
Value of construction work put in place during January, though showing the effects of winter weather, was very encouraging.

Estimated work done was \$2.3-billion. That was a gain of 6%—the fourteenth consecutive month to show a year-to-year gain.

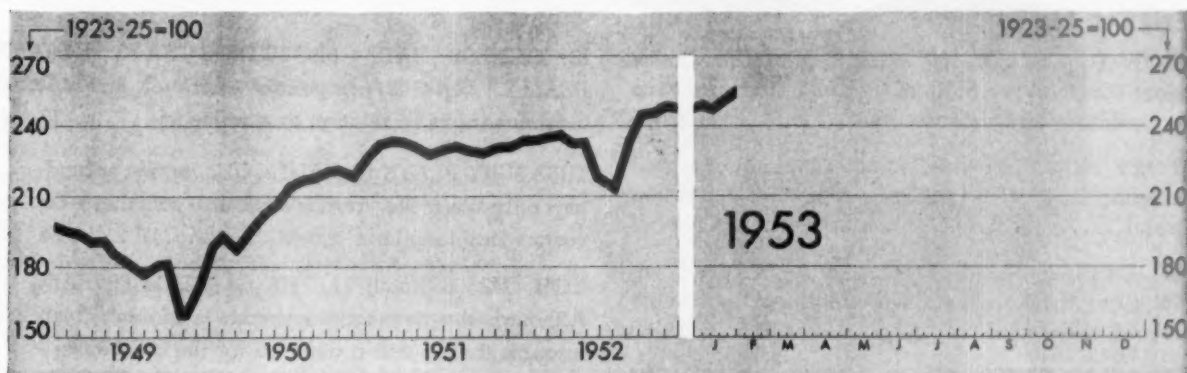
Moreover, private expenditures have gone into the lead again in point of percentage gain over a year ago. Value of private work last month topped \$1.6-billion, up 7%; public construction was up only 4%.

•
Manufacturers had to ship goods valued at a staggering \$74-billion in the final quarter of 1952 even to make a dent in backlogs.

New orders fell only \$4-billion shy of matching shipments (even though they were down slightly from the earlier record-smashing rate).

Unfilled orders of all manufacturers still are above \$71-billion.

FIGURES OF THE WEEK



Business Week Index (above) *256.4 †254.9 251.0 236.1 173.1

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1946 Average
Steel ingot production (thousands of tons).....	2,154	†2,240	2,213	2,090	1,281
Production of automobiles and trucks.....	150,381	†149,578	106,102	102,402	62,880
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$69,430	\$68,059	\$39,548	\$39,087	\$17,083
Electric power output (millions of kilowatt-hours).....	8,151	8,144	7,713	7,572	4,238
Crude oil and condensate production (daily av., thousands of bbls.).....	6,522	6,492	6,516	6,225	4,751
Bituminous coal production (daily average, thousands of tons).....	1,530	†1,593	1,304	1,870	1,745

TRADE

Carloadings: manufactures, misc., and l.c.l. (daily av., thousands of cars).....	73	72	71	72	82
Carloadings: all other (daily av., thousands of cars).....	43	45	46	49	53
Department store sales (change from same week of preceding year).....	+4%	+2%	+59%	-14%	†30%
Business failures (Dun and Bradstreet, number).....	162	173	89	164	217

PRICES

Spot commodities, daily index (Moody's Dec. 31, 1931 = 100).....	405.8	405.2	409.2	452.8	311.9
Industrial raw materials, daily index (U. S. BLS, 1947-49 = 100).....	90.1	90.7	93.9	114.0	††73.2
Foodstuffs, daily index (U. S. BLS, 1947-49 = 100).....	85.5	86.2	87.5	95.9	††75.4
Finished steel, index (U. S. BLS, 1947-49 = 100).....	130.6	130.7	130.6	124.9	††76.4
Scrap steel composite (Iron Age, ton).....	\$42.00	\$42.00	\$42.00	\$42.00	\$20.27
Copper (electrolytic, Connecticut Valley, lb.).....	24.500¢	24.500¢	24.500¢	24.500¢	14.045¢
Wheat (No. 2, hard and dark hard winter, Kansas City, bu.).....	\$2.39	\$2.41	\$2.41	\$2.52	\$1.97
Cotton, daily price (middling, ten designated markets, lb.).....	33.11¢	32.72¢	32.65¢	41.77¢	30.56¢
Wool tops (Boston, lb.).....	\$2.10	\$2.10	\$2.07	\$2.15	\$1.51

FINANCE

90 stocks, price index (Standard & Poor's).....	209.7	207.1	210.6	192.3	135.7
Medium grade corporate bond yield (Baa issues, Moody's).....	3.51%	3.52%	3.51%	3.54%	3.05%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	2½-2½%	2½-2½%	2½-2½%	2½%	½-1%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	54,799	54,980	54,648	54,328	††45,210
Total loans and investments, reporting member banks.....	77,341	77,739	78,504	74,017	††71,147
Commercial and agricultural loans, reporting member banks.....	22,837	22,908	23,206	21,160	††9,221
U. S. gov't guaranteed obligations held, reporting member banks.....	31,687	31,987	32,502	32,419	††49,200
Total federal reserve credit outstanding.....	26,009	25,904	25,825	23,707	23,883

MONTHLY FIGURES OF THE WEEK

	Latest Month	Preceding Month	Year Ago	1946 Average
Consumer credit outstanding (in millions).....December.....	\$23,975	†\$22,803	\$20,644	\$6,802
Installment credit outstanding (in millions).....December.....	\$16,506	†\$15,889	\$13,510	\$3,025
Manufacturers' inventories (seasonally adjusted, in billions).....December.....	\$43.6	†\$43.6	\$43.0	\$21.3
Private expenditures for new construction (in millions).....January.....	\$1,623	\$1,789	\$1,517	\$803
Public expenditures for new construction (in millions).....January.....	\$685	\$724	\$657	\$197

* Preliminary, week ended Jan. 31.

†† Estimate

† Revised.

‡ Date for "Latest Week" on each series on request.

Ceramic Masters of the New World



Burial Urn, courtesy Dr. Betty J. Meggers

Maya Mochica Marajoara

Just as music had its three B's, so Western ceramic technology had its three M's.

These three Indian cultures attained the peak of ceramic development in this hemisphere before the coming of white men. The Mochicas of the north coast of Peru (ca. 800) were masters of modeled ceramics. On the island of Marajo in the mouth of the Amazon, the Marajoaras (1200-1300) reached a high degree of painted decorative technique. But the great Mayan civilization of Yucatan (317-1194) produced wares of such fine finish, color and luster that their pottery, like their culture, surpassed all others in the New World.

In today's world of tough competition, successful ceramic manufacturers rely on ALCOA Alumina to help *their* products surpass all others. They know that ALCOA Alumina makes almost

any clay product *better . . . stronger . . . more resistant* to heat and mechanical shock. And even the Mayas couldn't duplicate the fine finish and luster ALCOA Alumina gives to glazes, china and enamelware.

If you make fine tableware or tough industrial ceramics, you can improve your product—and your profits—with ALCOA Alumina. Write us today for details.

ALUMINUM COMPANY OF AMERICA, CHEMICALS DIVISION, 700-B Alcoa Building, Pittsburgh 19, Pa.

FREE—Chemical analysis of Mayan pottery. Write to Alcoa on your company letterhead.

Alcoa Chemicals



ALUMINAS and FLUORIDES

ACTIVATED ALUMINAS • CALCINED ALUMINAS • HYDRATED ALUMINAS • TABULAR ALUMINAS • LOW SODA ALUMINAS
ALUMINUM FLUORIDE • SODIUM FLUORIDE • SODIUM
ACID FLUORIDE • FLUOBORIC ACID • CRYOLITE • GALLIUM

as new as jet airliners!

THE H-6B GYRO-HORIZON

DESIGNED FOR HIGH-SPEED AIRCRAFT

The new Sperry H-6B Gyro-Horizon provides *accurate indications—up to the speed of sound*. This significant advance has been achieved through the development of special temperature compensated parts, stainless steel gimbals, and stepped up gyro efficiency.

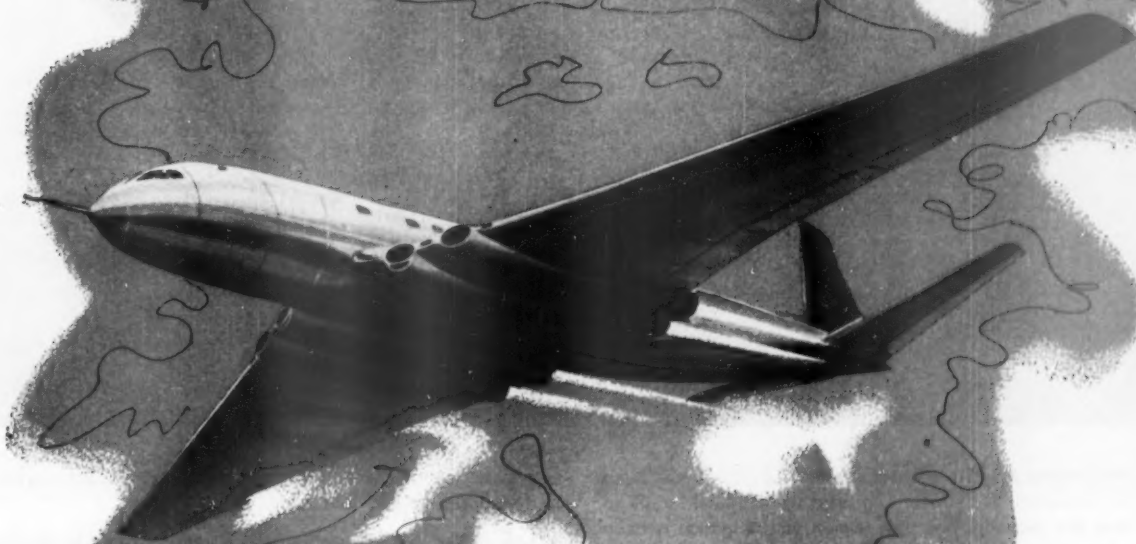
In keeping with the new speeds in jet transportation, the H-6B Gyro-Horizon also features improved quick-erection mechanisms. These incorporate a new, manual instantaneous starting-setting.

Again Sperry's advanced research and engineering is meeting the demands of increased speed . . . *with speed*. Our Aeronautical Department will be glad to supply complete information upon request.



FEATURES OF THE H-6B

Improved bezel presentation . . . with maximum reduction of parallax to eliminate angular distortion, improved reference airplane and adjustment, increasing cone of visibility, and elimination of working parts affecting visibility.
Three phase circuit protection indicator
Minimum of turning error • Non-Tumbling
Freedom of roll through 360 degrees



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DIVISION OF THE SPERRY CORPORATION

GREAT NECK, NEW YORK • LOS ANGELES • SAN FRANCISCO • SEATTLE • CLEVELAND • NEW ORLEANS • BROOKLYN
IN CANADA • SPERRY GYROSCOPE COMPANY OF CANADA, LIMITED, MONTREAL, QUEBEC

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What Eisenhower Told about His Plans:

Spelled out in Message



KOREAN WAR

Seventh Fleet ordered to allow Nationalist China raids on mainland from Formosa bases. Hints at plan for "military solution."

PRICE-WAGE CONTROLS

Let authority die Apr. 30 on schedule. Taper off existing controls.

MATERIALS CONTROLS

Get new law by June 30 to give priority to military and defense supporting items.

RENT CONTROL

Extend beyond June 30 deadline for defense areas with housing shortages.

GOVERNMENT REORGANIZATION

Extend present law.

RECIPROCAL TRADE AGREEMENTS

Extend; provide safeguards for U. S. business.

FOOD AND DRUG INSPECTION

Change law to allow factory inspections as practiced before Supreme Court decision last June.

HAWAIIAN STATEHOOD

Recommended immediately. No mention of Alaska.

Details to Come



TAX CUTS

Asks balanced budget first, but way left open for cuts before actual balance reached.

BUDGET TRIMMING

No figures submitted. Specific recommendations soon.

FOREIGN AID

Continue aid depending on cooperation abroad. Dollar amounts later.

TAFT-HARTLEY

Labor Department will make recommendations. Law needs amendments.

FARM PRICE SUPPORTS

Continue supports through 1954. Special commission will recommend subsequent policies.

IMMIGRATION

Change present law to eliminate injustices.

SOCIAL SECURITY

Extend coverage to unprotected groups.

AID TO EDUCATION

"Prompt, effective help" needed.

POWER DEVELOPMENT

Partnership of federal, state and local governments needed. No details.

HEALTH AND HOUSING

Commission will study.

How to Get Along with Congress

President Eisenhower's chance of getting what he wants from Congress is better than that of any President in years.

That's partly because he agrees with the conservative leaders of Congress on most issues. But mostly it's because he's not asking very much. At least, he has phrased his demands modestly. His State of the Union message this

week didn't try to tell Congress how it should vote his program into law.

• **A Diplomat**—The message was conciliatory and unassuming. On issues that usually make Congressional tempers flare up—like foreign aid and Taft-Hartley amendments—it was so general that it couldn't cause many quarrels.

That doesn't mean the issues have been removed. It does mean that Eisen-

hower is depending on his skill as a negotiator to reach agreements with Congress as the issues come up for decision.

His message merely outlined his plans. He made it plain that he has dropped the system developed by former Presidents Roosevelt and Truman—the approach of telling Congress sharply what it should do, and why;

New G-E Rapid Start lamp needs no starter, cuts maintenance



IN THE NEW RAPID START lamp circuit G-E has been able to eliminate the starter required in standard lamps to pre-heat the cathode. For that reason, maintenance is even easier, more economical than before.

This new General Electric *Rapid Start* lamp was made possible by two G-E developments: an improved triple-coil cathode that replaces the double coil in standard fluorescent lamps, and a *Rapid Start* ballast. Together, they give

General Electric *Rapid Start* lamps almost instant starting and smooth, simple operation.

G-E *Rapid Start* fluorescent lamps are rapidly becoming available. Many leading fluorescent lighting fixture manufacturers are incorporating the new lamps and ballasts in their latest equipment. These two newest developments of G-E research are another reason why you can *expect* the best value from General Electric fluorescent lamps.

You can put your confidence in—

GENERAL  **ELECTRIC**

but not to the extent that OPS fears.

• **Keep These**—Eisenhower wants authority to give a simple priority to materials needed for military and defense-supporting items—and doesn't expect any trouble with Congress on that score. He also wants rent control extended in defense areas. Here, he may run into a little trouble with Rep. Jesse P. Wolcott, the leading House spokesman on controls. Wolcott has long been a determined foe of rent controls.

V. Social Welfare

Just how much "welfare state" will be left in Eisenhower's concept of the "middle way" took shadowy form in his message. He drew a surprisingly wide circle.

He wants social security expanded to take in workers not now covered. He'll take the lead to end segregation in the District of Columbia. He opposes the McCarran immigration act on the grounds that it's unjust and discriminatory. He'll dump housing and health into the hands of a commission, for further study. He wants the Food and Drug Administration to have clear authority for factory inspections without prior notice. He intends to use public works to counter a depression, if one should develop.

• **In Particular**—Behind the language of the message is at least one specific assignment. Oveta Culp Hobby, Federal Security Administrator, has been

asked to come in with a health program—and she has been promised a reorganization plan that will raise her agency to the status of a government department. In this area, and perhaps others, President Eisenhower intends to ask Congress actually to extend present New Deal-enacted welfare programs.

VI. Special Studies

To follow through on campaign promises, Eisenhower is leaning heavily on studies by special commissions. Right now, he has task forces at work, or being organized, on government reorganization, the Defense Dept., agricultural price supports beyond 1954, international intelligence reports, and social security.

In addition, he has ordered special staff studies into reciprocal trade, spending levels, the tax structure, overlapping authority between the Corps of Engineers and the Reclamation Bureau, and Taft-Hartley amendments.

• **Solid Start**—While he is waiting for this mass of recommendations to take form, his program will have to remain shadowy in important particulars.

In the past, commissions and special studies have not always assured good relations between the President and Congress. But Eisenhower plainly prefers this course to the head-knocking of recent years. He's banking on it to get his "middle way" off to a solid—if not spectacular—start.

Fox's Moves...

... in switching to Cinemascope, and offering its system to others, spur third-dimension trend.

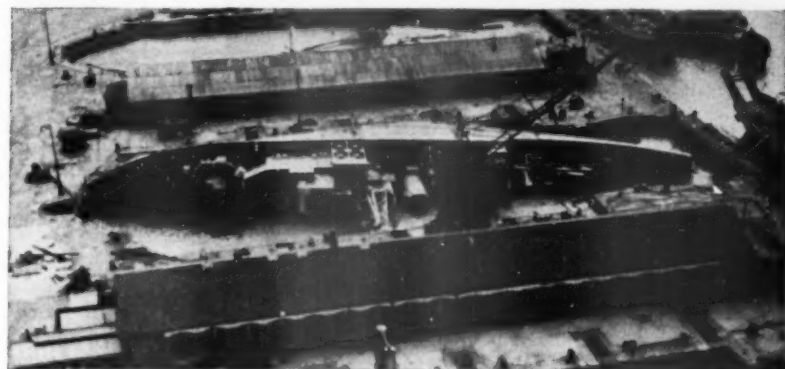
When the first efforts at three-dimensional movies were unveiled last fall, a few people figured a hot new trend was in the making (BW—Nov. 8 '52, p. 132). Cautious observers said the big studios—particularly Twentieth Century-Fox Film Corp. and Metro-Goldwyn-Mayer Studios, Inc.—would be a long time getting on the band wagon.

That's why Fox created a sensation last week when it announced it would commit all its future productions to Cinemascope, Fox's own third-dimension bid. Spyros P. Skouras, president, and Darryl F. Zanuck, vice-president in charge of production, further shook the industry when they said they would make their system available to all comers, and rival MGM promptly took them up on it.

• **Race Is On**—Fox executives prophesied that the switch to three-dimensional systems would shake up the industry as much as the conversion to sound did in 1927. Since the debut of the Natural Vision system last Thanksgiving, the rush to the new setups has taken on flood proportions. Six studios are currently filming three-dimensional and quasi depth-perception pictures, using a variety of systems. Four other studios are on the brink. However, Harry Cohn, president of Columbia Pictures Corp., is urging his colleagues to adopt a "uniform process" and to prevent chaos in the exhibition end of the business.

• **Threat to Cinerama**—Technically, Cinemascope falls somewhere between Cinerama and the stereo-type systems such as Natural Vision. But the end product is in the Cinerama class, where the third-dimension effect is accomplished by illusion, and without glasses.

Hollywood observers feel that Fox's offer to release Cinemascope is a damaging blow to Cinerama. Cost of Fox's setup seems a lot lower; much less manpower is needed, and it is compatible with existing equipment. Only extra equipment needed in filming is a special lens and one or two microphones. The estimated cost of converting theaters for projection runs from \$5,000-\$25,000, compared with \$75,000 for Cinerama and roughly \$1,000 for Natural Vision. By Oct. 1, when its first Cinemascope picture, *The Robe*, will be premiered, Fox expects to have theaters in 40 cities equipped to show it simultaneously.



Aftermath of Europe's Flood

Hurricane-force winds and high tides this week hit England, Holland, and Belgium with Europe's worst flood disaster in five centuries. While rescue workers counted the dead (unofficial toll at midweek: 1,600), others were surveying property damage along the coasts and rivers. The picture above shows the frigate Berkeley Castle lying on its side in what was once a dry dock at Sheerness, England. While the ship was shored up in the dock, floor waters swirled

in and capsized it. In the next dock, completely under water, is a submarine that had had its plates open for repairs.

Worst hit of all was the Netherlands. Here, the unofficial death toll by midweek was over 1,000. Some 400,000 acres of land were flooded—and the devastation was still spreading. An international armada of planes and boats, many of them belonging to U.S. forces in Europe, took part in the rescue work.

instead, he will try to take Congress into partnership with the executive branch of the government in the making of policy.

• **Soft Soap**—The new approach showed up in a score of places in the message. It left Congress exhilarated—and a little bewildered.

Since 1936—with a short break during the war years—Congress has been building up a consistent habit of resisting the executive branch's recommendations. Republican Rep. Clare Hoffman, for instance, started off by taking the lead in committee to whittle down Eisenhower's power to reorganize executive departments. Four days later he was perfectly willing to have his bill sent to the House floor for amendments that would bring it back to the existing law. The House promptly passed the amended bill on Tuesday. So chances are good that Eisenhower will get all the authority Truman had—and without fighting for it.

The question is how this approach will work with other—more politically sensitive—problems. Here are the indications that showed up this week:

I. Foreign Affairs

Eisenhower didn't need Congressional approval of his decision to let Chiang Kai-shek's forces on Formosa raid the Chinese mainland. But Republicans hailed it as a wise decision, and even Democratic doubts were muted.

Two much tougher tests still lie ahead. One will come up when Eisenhower puts a dollar figure on foreign aid and sends it to Congress with a request for an appropriation. He did stress, in his message, that countries receiving aid must themselves do all they can—and that sounded good to Congress. It may make the dollar figure palatable enough to get Eisenhower as much as he wants.

The second test will be on extension of reciprocal trade agreements. Eisenhower recommended extension, promised some specific suggestions later. At the same time, he spoke out for safeguarding U.S. industry—another favorite theme in Congress. He and Congressional leaders will get down to cases in hearings that will start soon.

II. Taxes and Spending

Eisenhower's message on taxes can be read two ways: either that he definitely wants the budget balanced before taxes are cut, or that taxes can be cut as soon as a balanced budget is in sight—before the actual balancing is worked out. The language is hazy enough to allow either interpretation.

But what he's going to get from Rep. Daniel A. Reed's House Ways &

Means Committee is clear enough. Reed is ready to pounce on the 10%-11% increase that was voted onto individual income taxes shortly after the outbreak in Korea. This increase is supposed to expire Dec. 31. Reed wants it killed June 30. He expects to have a bill ready for House vote in 10 days. At the same time, he would do nothing to stop expiration of the excess-profits tax on June 30.

• **Fight?**—Reed is angry. He has not talked taxes with Eisenhower, though he is the key man in Congress on that subject. He hasn't even been introduced to Eisenhower. The Republican leadership in the Senate may have added to his irritation when it failed to appoint his son its sergeant-at-arms.

Reed is determined to press his tax cut idea through without waiting to see what expenditures will be. It's hard to tell from a reading of Eisenhower's message whether the President will oppose Reed or not. Many Republicans in the House are betting that he won't. They do think, though, that Speaker Joe Martin will bottle up the Reed bill until April, or later, while the leadership makes up its mind about total spending.

Unless Eisenhower strengthens his stand against immediate tax cuts, the excess-profits tax will certainly go off on schedule at midyear, and Reed's bill will have an excellent chance of being adopted.

• **Spending**—While there's some doubt about Eisenhower's thinking on taxes, there's none about his thinking on the budget. He clearly ranks balancing the budget among his Administration's most important jobs.

So far, he hasn't named any dollar figures. Exact spending plans will take form slowly. Budget Director Joseph M. Dodge is hammering out new figures for every executive department. (He mapped an austere economy drive this week.) This means a complete overhaul of the Truman budget for fiscal 1954, which called for spending \$78.6-billion.

Congress will learn the details as Eisenhower's administrators go to Capitol Hill for appropriations hearings. Chances still are against a balanced budget for fiscal '54, particularly if the tax cuts go through. But Eisenhower will try hard to pare expenditures down to \$70-billion or so.

III. Taft-Hartley

Eisenhower stayed with generalities in his words on the Taft-Hartley act. He's for amending the act, but he pitched in no suggestions.

He'll have to get down to cases, though, in a few days. The House Labor Committee starts hearings next week. Congressmen will testify first,

followed by Labor Secretary Martin P. Durkin.

Before Durkin takes the stand, the White House will have to get its recommendations in order. Congress will watch carefully to see how strong a stand the Administration takes. It will be the first of the painful transitions from campaign generalities to legislative particulars.

IV. Controls

Eisenhower was on safe ground with most members of Congress when he asked that price and wage controls be allowed to die when the present law expires Apr. 30. He called for a tapering-off to start right away. First move was to give 30-day dismissal notices to all 2,000 employees of the wage and salary boards.

The two boards, right now, have a monumental backlog of increase applications piled up in their files. The wage board has 10,500; the salary board, 2,000. When controls officially come to an end, all these cases will be thrown back to the discretion of the companies involved. Undoubtedly, almost all of the raises will go through.

• **In the Interim**—Eisenhower's handling of controls in his message ran him into a minor hitch in his "get along with Congress" program. Previously, at a Saturday-morning conference in the White House, Sen. Homer E. Capehart—the Senate's top controls authority—had talked with Eisenhower about the need for some sort of standby controls. Capehart had come away thinking Eisenhower was convinced. But the President said nothing about the matter in his message.

Capehart retaliated by filing a standby bill of his own an hour after Eisenhower had finished speaking. His point: Congress won't be able to pass a good law quickly enough if an emergency should arise later. Things might happen too fast, get out of control. Now is the time to draw up rules, so they can be ready in case prices and wages start another spiral.

• **Dissenters**—Price officials will go down fighting Eisenhower's plan. They are predicting that the end of controls will mean an annual price rise of at least half a billion dollars at the mill level for steel, copper, and aluminum. They expect other price jumps for machinery and industrial components. They think defense costs alone will be increased \$1-billion.

The Office of Price Stabilization says carbon steel will go up about 3%, predicts bigger jumps for finished products like shapes and plates. It thinks stainless steel will jump 9%, copper 5¢ to 9¢ per lb., pig aluminum 1¢. The industries involved don't agree, of course. They expect some prices to go up—

pretty clearly in the earnings statements that are coming in. For 1952 as a whole, about as many companies show sales gains over 1951 as show declines. But on earnings, very few can boast of having bettered 1951.

The general trend held good even for the busy fourth quarter. Then, almost everybody showed a gain in sales as activity shot ahead after the steel strike. But profit performance remained spotty, much poorer than the boosted volume would seem to indicate.

• **Tax Effect**—One reason it's hard to boost net is that the progressive tax rate works against translating operating efficiencies and higher volume into higher net earnings. In the excess-profits tax range, you have to earn about \$3 to keep \$1.

The government is a heavy looser when earnings dip. Take Wheeling Steel Corp., whose 1952 sales dropped 21% because of last summer's strike. That meant a 37% drop in Wheeling's net earnings; the government's share fell 78% because of the high tax bracket and carry-back provisions.

• **Industry Results**—The 54-day strike hit just about all steel companies hard. But the fourth-quarter snap-back kept most companies' drop for the year in the 20% to 30% range. For the first half of 1953, most steel executives see capacity operations. Since that includes a lot of new and very efficient plant, prospects are bright for improved returns.

Usually, the early quarterly reports give a clue to developments within industry groups. This time, though, the early picture is mixed in almost every category. By and large, consumer hard goods manufacturers are doing the best. But very few companies earned as much as they had hoped in the three-month pickup.

For 1953 no very large gains are expected, though returns should improve if present high volume is maintained. Biggest windfall that might come to industry is the scheduled death of EPT at midyear. That would drop as much as \$2.5-billion a year into corporate coffers—unless the base rate were hiked at the same time.

Another Taker

The government has lured its fourth newcomer—Wheland Co.—into the business of producing aluminum.

The government goes to a lot of trouble each year to make the business of producing aluminum look like a good deal to prospective newcomers. Since the outbreak of war in Korea, it has managed to lure three new primary producers into the field. Now it's ready to welcome a fourth: Wheland Co., Chattanooga, Tenn., maker of tank and anti-aircraft guns, oil-well drilling equipment, and automotive mechanical parts.

Wheland plans to build a \$70-million plant with an annual capacity of some 50,000 tons of aluminum. According to Gordon P. Street, the company's president, the site will probably be somewhere along the Tennessee Valley Authority's chain of lakes.

• **Government's Interest**—The Defense Production Administration has approved the project informally, to give the company a head start in arranging private financing.

At midweek DPA was waiting for Wheland to submit a formal request for an 85% accelerated tax amortization certificate—one of the pieces of bait the government holds out to prospective new producers. When the request has arrived, DPA will cheerfully grant it.

Before Wheland showed up, the government was some 36,000 tons short of its 1955 goal: 1.7-million tons of yearly aluminum capacity. Wheland's plant will more than fill the gap.

On the government's books, the company's projected output is figured right now as only 36,000 tons—the amount needed to fill the quota—rather than the 50,000 it will actually produce. On that basis, Wheland's capacity figures to about 2.1% of the U.S. total. The Big Three have these percentages: Alcoa, 38.1%; Reynolds Metals, 24.4%; Kaiser Aluminum, 23.3%. The three post-Korea newcomers: Olin Industries, Inc., 6.2%; Harvey Machine Co., Inc. 3.1%; and Anaconda Copper Mining Co., 2.8%.

• **Wheland's Interest**—Why does Wheland want to get into aluminum producing? According to Street, its president, there are two reasons: "We want to get into a basic industry. And we feel there's a growing need for aluminum."

After 86 years of working with metal, Street adds, the company figures it has the basic skills it'll need when it starts producing aluminum. If all goes as planned, that should be some time in mid-1955.

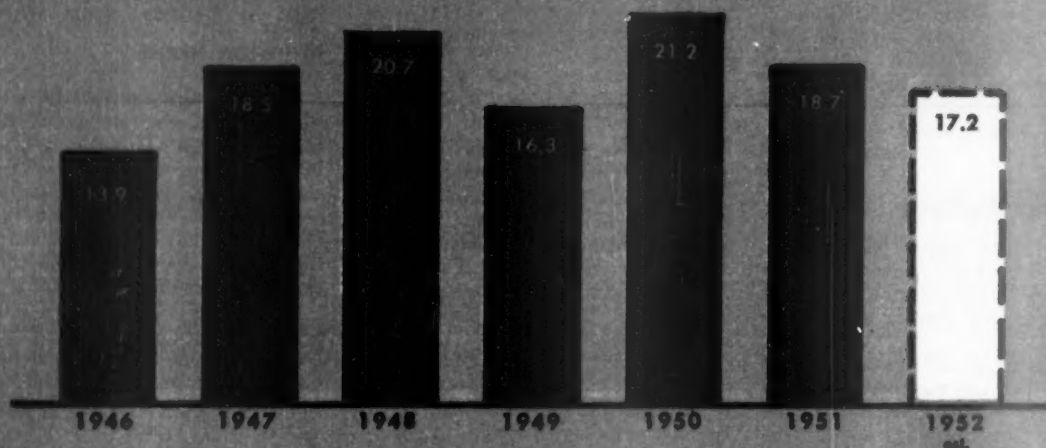
First Profit Report: Off from Last Year

Name of Company	Revenue (In thousands of dollars)		Net Earnings (In thousands of dollars)		Percent Change in Earnings from 1951
	1952	1951	1952	1951	
Telaugraph.....	2,136	1,894	246	174	+41.4
Caterpillar Tractor.....	477,577	393,756	22,118	15,732	+40.6
Blue Bell*.....	51,702	45,078	1,410	1,152	+22.3
Missouri Portland Cement.....	12,990	12,579	1,704	1,434	+18.8
Marquette Cement.....	27,281	22,953	3,527	2,996	+17.7
U. S. Shoe*.....	26,676	27,189	1,087	928	+17.1
Oswego Falls.....	34,950	34,440	1,153	1,154	— .1
Rayonier.....	78,263	83,774	10,985	11,024	— .4
Allied Chem. & Dye.....	490,183	502,027	40,305	40,549	— .6
Lone Star Cement.....	80,944	71,379	8,880	8,932	— .6
Monsanto Chemical.....	266,704	272,845	23,189	23,478	— 1.2
Alan Wood Steel.....	60,480	58,765	2,251	2,304	— 2.3
Air Reduction.....	124,625	118,131	7,290	7,482	— 2.6
Ward Baking.....	92,195	91,121	2,153	2,217	— 2.9
Granite City Steel.....	74,600	86,600	4,986	5,142	— 3.0
Union Carbide & Carbon.....	956,931	927,520	98,321	103,890	— 5.4
Johns-Manville.....	244,708	238,034	22,620	24,531	— 7.8
Northwest Airlines.....	60,532	54,685	1,632	1,786	— 8.6
American Can.....	621,698	570,069	27,380	30,137	— 9.1
Victor Equipment.....	4,365	4,530	410	455	— 9.9
Hayes Mfg.....	17,316	15,898	760	877	—13.3
Owens-Corning Fiberglass.....	101,730	97,449	5,207	6,065	—14.1
Sharp & Dohme.....	50,400	45,681	3,901	4,557	—14.4
Bethlehem Steel.....	1,691,732	1,793,091	90,901	106,531	—14.7
Hooker Electro Chemical*.....	36,524	39,688	3,031	3,577	—15.3
Hercules Powder.....	187,463	322,513	11,218	13,656	—17.9
Republic Steel.....	918,447	1,052,715	44,270	54,921	—19.4
Koppers Co.....	323,076	288,829	8,613	10,818	—20.4
Lone Star Steel.....	19,790	20,151	2,452	3,115	—21.3
Mullins.....	53,733	57,732	3,596	4,581	—21.5
U. S. Steel.....	3,137,253	3,509,700	144,286	184,360	—21.7
Youngtown Sheet & Tube.....	439,623	489,305	22,916	30,644	—25.2
Devco & Reynolds*.....	45,811	48,875	1,414	1,972	—28.3
Rotary Electric Steel.....	37,120	40,714	1,843	2,483	—25.8
Inland Steel.....	460,452	521,450	23,755	34,399	—31.0
Wheeling Steel.....	180,267	227,076	10,951	17,393	—37.0
Jones & Laughlin Steel.....	495,401	566,330	19,482	30,998	—37.2
Catalin.....	14,178	13,412	273	449	—39.2
Superior Steel.....	28,638	27,981	846	1,508	—43.9
Newport Industries.....	17,096	22,518	1,033	1,952	—52.9

* Fiscal year ended Nov. 30.

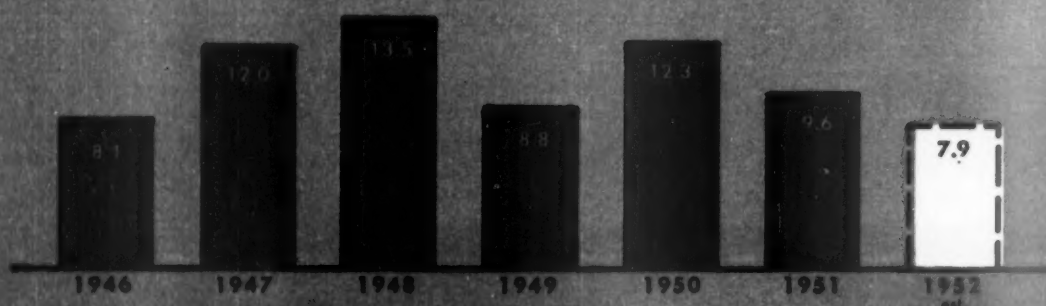
1952 Earnings after taxes slip once more...

(Billions of Dollars)



... And retained earnings dip to a postwar low.

(Billions of Dollars)



Source: Board of Commerce, SEC, and staff of SEC estimated Council of Economic Advisors.

© HARRISON WEAVER

In '52: High Sales but Fading Profit

Corporate profits in 1952 were the second best in history—an estimated \$40.8-billion compared to \$42.9-billion in 1951. But that figure was before taxes. When the government finishes slicing, corporations will have only about \$17.2-billion left.

The after-tax figure is mediocre by postwar standards (chart). Most corporation managers find the profit margin all too thin, especially in the light of record total sales.

• **Time of Need**—The weakening of profits has come just at a time when most companies need more money. Rising levels of activity mean rising calls for working capital. Accelerated expansion programs continue to soak up tremendous amounts of cash.

To top it off, most organizations have been unable to fatten up their

undistributed profits to help meet the peak calls for money. Preliminary estimates for 1952 indicate that corporations will be able to retain only a shade under \$8-billion, the lowest figure since the war.

Continued record dividend payments (BW—Jan. 3 '53, p92) are one reason for the drop in retained earnings. Volume has been good, and management is always reluctant to cut dividends, except when business is bad. Dividend cuts during a boom would leave stockholders disgruntled. So would grandiose expansion plans, if dividends were slipping even on existing capacity.

• **Big Step-Up**—For most companies there is only one way to earn more money: a massive increase in volume.

It used to be that you could always raise earnings a bit by selling a bit more

goods. High costs and high taxes have ended that. After-tax earnings have shrunk for the second year in a row, despite peak employment and output greater than at any time since the high mark of World War II (page 17). Today, you have to run faster and faster to stay in the same place; it takes a real sprint to go ahead.

For most companies, that sprint would require a combination of jumped-up volume and sharply increased plant efficiency.

For three years, costs have been rising must faster than sales. At the end of 1950, the pre-tax earnings of manufacturing businesses were about 15% of sales. They have dwindled in every quarter since, are down now to around 9%.

• **Early Reports**—This all shows up

Not Really

The sheer bigness of business will always interest businessmen, economists, and the public. Studies of whether business is getting bigger and whether bigness is good or evil, and why, appear regularly. Each is debated with heat.

The newest—by the Brookings Institution—is the result of five years' research directed by A. D. H. Kaplan, of the Brookings staff, financed by the Falk Foundation and the Sloan Foundation. The report will soon be published in full. Meanwhile, at a meeting in New York City last week, Kaplan presented what he called "a minute sampling of the findings on three aspects of the study."

• **Opportunity**—The first question discussed by Kaplan last week was how the growth of big business has affected the "opportunities" of other businesses. He concluded that small businesses have been doing better, in relation to the over-all national economy, than the big fellows.

As his major indicator, Kaplan used the ratio of business profits to total national income. He found that in 1929 the 100 largest industrial corporations earned 3.7% of national income as profits before taxes; in 1948 the figure was only 3.3% (top chart). The share of the very large utility and financial corporations dropped from 2.4% in 1929 to 2% in 1948. In the same stretch, small and middle-sized corporations and noncorporate business increased their share.

• **Competition**—Kaplan's second question was: Are the industrial giants immune to competition? He concluded that they are not, after comparing lists of the 100 largest corporations in 1909, 1919, 1929, 1935, and 1948. Between 1909 and 1948 he noted a big change in the breakdown by industry. Iron and steel, for instance, had smaller representation in the modern list.

Kaplan traced the survivors from one sample year to the next. He noted that only 53 of 1909's list were still on top in 1919. This group had shrunk to 37 in 1929, to 34 in 1935, and to 31 in 1948 (middle chart). In his talk, Kaplan did not raise the question of whether or not the companies that have survived are now less vulnerable to competitive challenges. But his data indicate that the mortality rate has dropped sharply.

• **Domination**—Kaplan's third question was whether vigorous competition exists in industries dominated by a few very large companies. His tentative answer, based on only two industries, seems to be "yes." In the tire industry, dominated by a Big Four, he found strong competition for the replacement

market with small manufacturers, and with recaps and retreads.

In aluminum, long dominated by a single company, Kaplan cited competition with other metals. He reported failures—aluminum losing out to steel in automobile bodies—as well as suc-

cesses—aluminum taking over from copper the majority of the output of power transmission lines (lower left chart). This competition, he added, has brought a consistent lowering of the price of aluminum (lower right chart).

Treasury Plays It Cautious

Its first refunding only lays the groundwork for switching investors into long-term issues.

President Eisenhower's team of Treasury policy makers rang up a success this week with their first offering of securities. But they did it in a way they don't like—by giving the play to short-term obligations.

It's not that the new Treasury bosses have changed their minds. From Secretary George M. Humphrey and special deputy W. Randolph Burgess down, they disapprove of the way the Truman Administration piled up short-term obligations to get the cheapest possible money.

• **Switching**—All the Eisenhower policy makers are committed to switching a considerable part of the debt back to 20- and 30-year bonds. It's a central part of their program to stabilize the dollar by a return to orthodox finance. This time, though, they decided to offer orthodoxy in the mildest possible dose.

Heavier doses will follow. This week's offer sought to encourage holders of maturing one-year certificates to exchange them for new one-year certificates. The old certificates—\$8.9-billion worth—come due Feb. 15 and bear a coupon rate of 1½%. The new ones bear 1¼% higher than the market expected.

• **Tipoff**—To show that they are standing by their principles—and as a tip to the money market on what to expect later—Humphrey and Burgess did give investors a chance to take a five-year, 10-month bond instead of the new certificates. This issue bears a coupon of 2¼%.

In the light of going market rates, that wasn't so liberal as the 2¼% offered on the new one-year certificates.

Treasury experts didn't expect much of the \$8.9-billion to switch into the bonds. They didn't think even a more attractive interest rate would have had much effect. Most of the expiring certificates are held by corporations and banks that want a maximum of liquidity.

This didn't leave the new administrators much room to test their own theories. They had to come up with a package desirable to their immediate customers—the holders of the maturing certificates, not the general public.

Their decision points up how slow the switch to long-term bonds may be. The same reasoning will apply when other certificates come due—the next batch on June 1, and again on Aug. 15.

• **Dangers**—Some 75% of the \$267-billion U.S. debt is in securities payable either on demand or within five years. To Humphrey and Burgess, that is a triple source of danger:

• It is a potential source of inflation, because short-term securities are readily converted into cash.

• It requires the Treasury to go into the market frequently with new issues—a constantly disturbing influence on the Federal Reserve's job of managing the supply and the cost of money.

• In troubled times like these, a lot of new money might have to be raised on an emergency basis—something that might be difficult and costly if the Treasury at the same time were refinancing short-term obligations.

• **Chance Later**—The Treasury men will get a clear shot at launching 20- or 30-year bonds when and if they have to raise new money to meet deficits.

But they don't have to wait that long.

There's another way they can begin the switch. They can offer to exchange long-term bonds at competitive interest rates for outstanding short-term bonds before the date of maturity. For example, some \$17-billion worth of bonds are subject to call this June, but will not come due for a year or more.

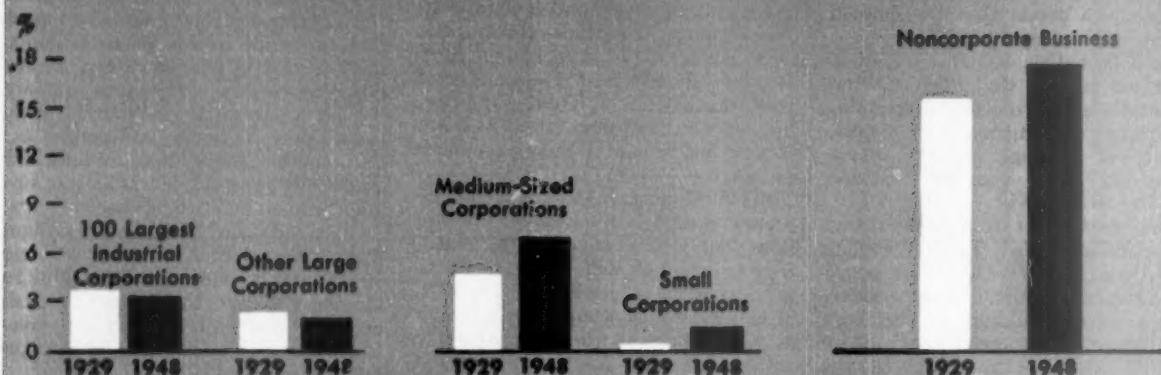
One question before the new Treasury team is when to button up the problem of long-term interest rates. Right now, 20-year bonds are selling at a price to yield 2.8%. To tap this kind of money, new issues would probably be at around 3%, maybe a little higher (page 90).

• **Thin Market**—The money-wise Treasury men know the present market is thin. If the flood of long-term bonds offered by corporations—for example—should dry up even slightly, long-term investors might drive up bond prices. This would mean a decline from the present 2.8% rate on long-term governments—and a chance to make the switch away from short obligations at more favorable terms.

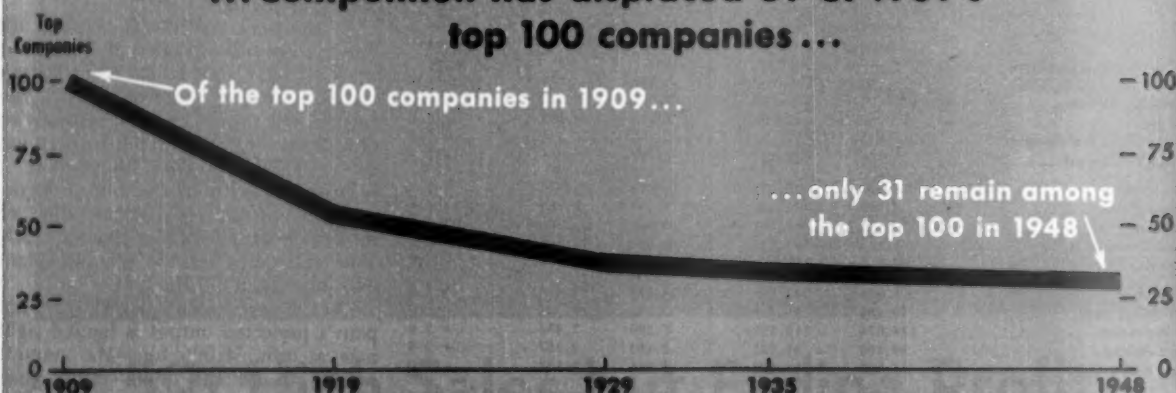
Is Bigness Bad? Brookings Says

Since 1929, small companies have boosted their share of total profits, while big companies' cut has shrunk...

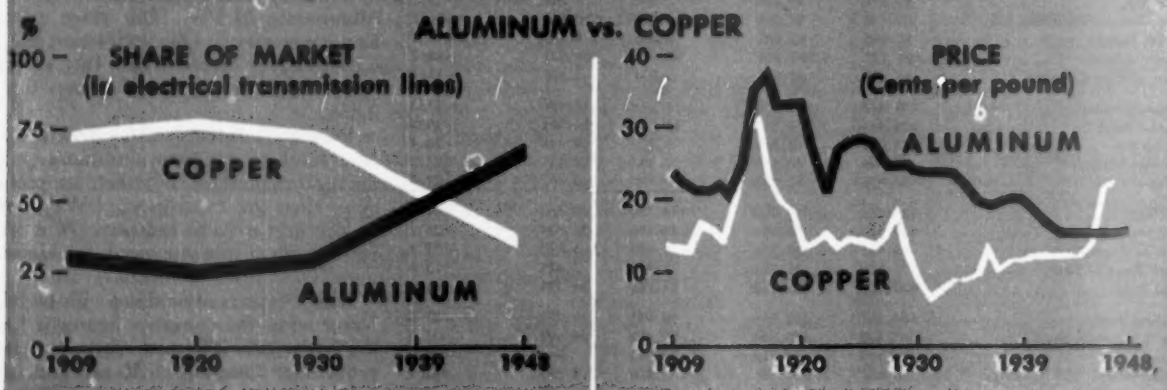
Profits (before taxes) as a percent of total national income



...Competition has displaced 69 of 1909's top 100 companies ...



...Which is partly because of the rise of new industries



SOURCE: Brookings Institution

Heads Up... The Hunt's On!



That helicopter hovering over a Louisiana marsh is an important part of what has become a highly specialized operation . . . Sinclair's search for new oil sources.

A far cry from the days of indiscriminate "wildcat" drilling, the job of locating oil fields now involves skilled technicians and costly scientific equipment. Gravity meter prospecting over swampy terrain is but one of the many modern methods Sinclair uses today. With his helicopter, the Sinclair geophysicist obtains coverage which heretofore has been impossible.

Sinclair's exploration involves not only property owned or held under leases totaling nearly 12 million acres—*6½ million more than the company held five years ago*—but areas where additional leases may be acquired. Sinclair's drilling activity during this period has increased more than 165%.

To increase its crude oil production and to accumulate additional oil reserves for future requirements, Sinclair is expending millions of dollars. This comprehensive development program is another example of how Sinclair plans ahead to meet the demands of its ever-increasing markets.



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You Can Still Sell the Old Homestead

● Although the new-housing boom rolls right along, the market for the older house is still fairly steady.

● It would be a lot steadier if sellers would take a more realistic look at the value of their property. Agents say in most cases it's priced about 20% too high.

● But if the building boom continues indefinitely, it's bound to weaken the props under the used-home business.

Most old houses are worth more today than they were the day they were built. But how long can that last—in the face of an unabated flood of brand-new houses?

That's a major worry for the real estate business. And it's a worry for builders of new housing, too. After a certain point, a big slice of the market for new housing depends on homeowners who would like to move into more modern homes, but who are stymied unless they can unload their old houses—at the right price.

This week BUSINESS WEEK made a nationwide spot check to find out whether or not the current housing boom has made any serious dent in the used-home market.

• **The Score**—By and large, the word was this: Sales of used houses definitely are lagging, but prewar-built homes are still far from being a drag on the market. Real estate agents say business ranges from "fair" to "very, very good." Demand for older homes is expected to hold steady for the rest of the year, at least. But the price trend is down, and a buyer's market may be in the offing.

• **Price Joker**—Even in the cities that reported trading in older houses off, most realtors claimed that it was not due to a lack of demand; it was because would-be sellers price the ancestral mansion out of all proportion. According to one realtor, the asking price is about 20% too high in most cases. Depreciation and replacement costs are once again being figured. For a long period when housing was tight, older home prices didn't reflect any depreciation, except in better neighborhoods. Today buyers are figuring how much remodeling they would have to do and are deducting that from their offering price.

"Too many owners of older houses think they're still living in 1950, when people would buy any old dog on the market," says one agent in a southern town. "They insist on having their houses listed for sale at 1950 prices, and as a result are forced to take even less than a realtor could have got for them if they had listened to him in the

first place. You can kill a sale by listing a house too high for too long."

That's what happened to one would-be seller in Wellesley, Mass. He started off 1952 with a \$35,000 price tag on his 15-year-old house. His broker told him he could get only \$32,000. But the homeowner wouldn't sell. Six months later, he came down to \$32,000, but the broker then had a customer for \$30,000. No soap, the owner said. Today he will take \$28,000, but no one wants to buy at that price. Agents report many owners have been caught that way—staying just a few thousand dollars behind a market that was dropping all the time.

• **Leveling Off**—In spite of this buyer-seller impasse, many real estate men claim that the only reason the used-home business isn't having a major boom is that realtors can't get enough listings; not enough people want to sell—at the right price.

A few read the signs as evidence that the situation is just leveling off from the hysterical buying immediately after Korea, when a roof—not price—was the objective.

• **Family Increase**—Many brokers agree that the big building spree of recent years also has speeded this leveling off of the market, but think that the older house market will be good for years because of family space requirements and income limitations. The postwar couple who bought the cute little house in a new development after the war is now back in the realtor's office—this time with a bevy of kids. They need more space; in most cases, a larger new house is outside their means; so they'll settle for an older model.

• **Disillusion**—Even without the kids, a lot of these people have been thoroughly disillusioned with life in a new-development area. In many cases, they've found overcrowded schools, poor transportation facilities, inadequate fire protection, and a long trek to market. They're ready to call it quits and return to the more centrally located older house—particularly if it means a cut in property taxes.

Besides, there's a firmly entrenched

idea that the older houses are better built and therefore can be easily remodeled. While the idea isn't foolproof, it's one reason folks are hanging onto their homes until they can get a top price. It's also a reason why many people are buying older houses and converting them into apartments.

• **Changing Patterns**—Optimists in this field see many more reasons why the used-home market will continue to flourish. For one thing, many companies are expanding into new communities, which means a sudden influx of workers into that area. Among the new population will be many executives with families, who will want a house with room to accommodate the bicycles and other teen-age accessories.

Then, too, shifting population can change the whole pattern of a city. In Chicago, for example, the growing Negro population is spreading over more and more of the south and west sides, causing the whites to move out. This has resulted in a big demand by whites for houses on the far south and far north sides.

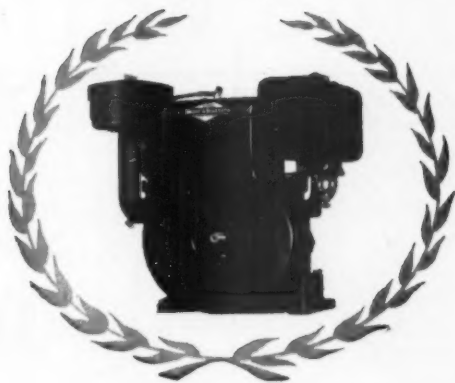
• **Future Looks Different**—All this doesn't mean that the used-house market isn't feeling the squeeze from new housing. The market has tightened to the extent that the broker has to get out and work to bring buyer and seller to an agreement.

One thing that really hurts is that buyers have to make a larger down payment on an old house—as high as 50%—while on a new home it may be as low as 10%. Veterans do even better—as low as 5%. In addition, mortgage money is now scarce. It's getting increasingly hard to make a touch from banks or other loan sources.

That factor makes a big difference, particularly to young couples who don't have too much ready cash. When they do have enough to make a down payment, they're more apt to put it into a shiny new house where they get the latest in plumbing, air conditioning, and other refinements.

Then, too, most of the new building is located in newly developed sections of the town, or on the outskirts. When a man buys in a new area, he knows it will be built up, and property values will increase. On the other hand, older houses are usually located in older parts of the town. A prospective buyer knows that that neighborhood won't get any better—it's more likely to deteriorate, causing property values to drop.

If the housing boom continues indefinitely, it could easily spell curtains for the used-home business. But just now the demand for both new and old homes seems to be in good balance.



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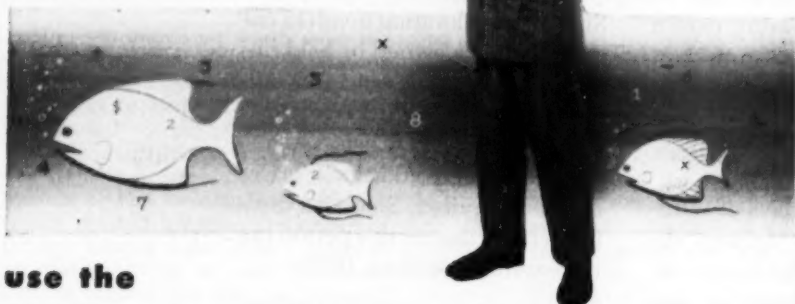


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BUSINESS BRIEFS

AVCO Mfg. Co. has sold control of the New York Shipbuilding Corp. to a group headed by Louis E. Wolfson, board chairman of Merritt-Chapman & Scott Corp. It's AVCO's final move in shaking off investment company characteristics and becoming a fully integrated manufacturing company. It has been acquiring companies largely in the home appliance field (BW—Jul.21'51, p94), setting them up as divisions.

To the rescue: Canada once again will ship to the U. S. 44-million lb. of aluminum originally slated for England, to help offset production losses caused by power shortages in the Pacific Northwest and Tennessee Valley.

General Motors' board of directors made Harlow H. Curtice's presidency of GM official. He's been acting president since Charles E. Wilson resigned to become new U. S. Secretary of Defense.

A group of Dallas investors headed by D. O. Tomlin, treasurer of Briggs Weaver Machinery Co., have bought Dearborn Stove Co. The new owners plan to expand Dearborn's production of gas heaters and room coolers and add products to its home-appliance line.

Conservative Allied Chemical & Dye Corp. plans to offer \$200-million worth of long-term debentures to the public—the largest single public debt offering ever made by a U. S. industrial concern. The money will finance plant expansion and supply working capital.

Pennsylvania bag-maker Benjamin C. Betner Co. will become a division of Continental Can Co., Inc. Continental acquired the \$13-million-a-year concern through a stock exchange to supplement its fiber drum and paper container divisions.

Paper merger: Crown Zellerbach Corp. directors may offer stockholders of big Canadian Western Lumber Co. one share of stock for each six shares of Canadian Western. Deal hinges on Crown's being satisfied with a study of the lumber company's affairs.

The Railway Express Agency, faltering stepchild of the railroads (BW—Jan. 13'51, p59), wants Interstate Commerce Commission to authorize a complete revamping of its charges, mostly involving rate hikes, to make up for year-after-year losses. ICC wants the agency to explain what's going to happen to express service when its contract with the railroads runs out in 1954.

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
FEBRUARY 7, 1953



What Eisenhower's "middle way" means to businessmen now is clear. The new President spelled it out in his State of the Union message (page 25). There still are questions—important questions—to be answered. But the break with the past is sharp. Washington is being combed out of the hair of business—and will be kept out, barring new emergencies.

Price control is finished, even on a standby basis. All ceilings that mean anything will be gone before Apr. 30. The feeling is that ceilings interrupt the flow of goods. The windup will be fast.

Wage control is out, too. It was only a sham under Truman's regime. Eisenhower sees no reason to continue the sham.

Material and product controls are going. Present authority will expire June 30. Eisenhower plans only a military priority to replace the Controlled Materials Plan.

This is a voluntary surrender of executive authority. Congress would extend controls if the new President so wished. It would fuss about them, of course. But it would renew the authority. Eisenhower's attitude was a bit of a surprise. His philosophy is in these words: "The great strength of our democracy has developed in an atmosphere of freedom."

That contrasts with the Roosevelt-Truman line of the government-knows-best. Eisenhower will live by his concept, barring a big war or the threat of a big war.

Leadership in economy is promised. That, too, is new in Washington. In modern times, Presidents not only have proposed bigger, more expensive government, but they have warned of dire consequences if Congress refused.

The aim is a \$70-billion budget for fiscal 1954, starting on July 1. That seems optimistic. Commitments already made are tremendous. But it may be possible. Congress cut the last budget some \$5-billion at a time when the White House resisted every dollar of saving.

Tax relief this year still is up in the air. Eisenhower didn't say—but he implied—that every dollar of revenue should be retained until the budget is balanced, or at least brought in hand.

But Congress wants lower taxes. The excess-profits tax will expire June 30. And the Korea boost on individuals goes off Dec. 31. Congress will allow these expirations to stand, unless Eisenhower makes an aggressive fight to keep the taxes.

Eisenhower thinks excessive taxes cause stagnation. He has never said it in public, but privately he feels that it is unreasonable for the government to take more than 50¢ out of any income dollar.

Deliberate inflation—the cheapening of your dollar—is out. That's the stand Eisenhower has taken on fiscal and monetary policy.

It means tighter credit and higher interest rates for business in boom times. The New and Fair Deals' "easy money" policy is being abandoned. The aim is not outright deflation, but a stabilization of the dollar's buying power.

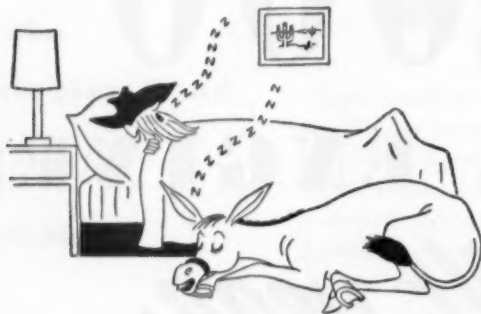
That's another turn from the past. Truman and his Secretary of the Treasury Snyder took great pride in the low interest rate on the national debt. The fact that saving a few hundred millions in interest cost the taxpayers many billions in what they bought in the market place was never mentioned.



1. Desert Dan was hot and tired, he'd traveled far enough. Said he, "I'm awful sick of sand, this life is mighty rough. Please show me to the Statler, I only want the best. So I'm headin' for the Statler where you really are a guest."



2. "This water hole is no mirage," said Dan in Statler's tub. "There's lots of steaming water here in which to soak and rub." The desert dirt was soon dissolved and there was Dapper Dan with lots of soap and snowy towels—a clean and happy man.



3. Out of the finest bath he'd had, Dan stepped and saw his bed. "The softest bed I've seen," he breathed, and that was all he said. For he was in a Statler bed! A sound and dreamless sleep was his until the morning came. His snores soared loud and deep.



4. When Dan awoke, he spoke once more, "I've had a bed and tub, but now the time has come for me to have some Statler grub. "Oh, boy," said Dan, as he cleaned up the last bite on his plate, "it's Statler every time for me. The food is really great."



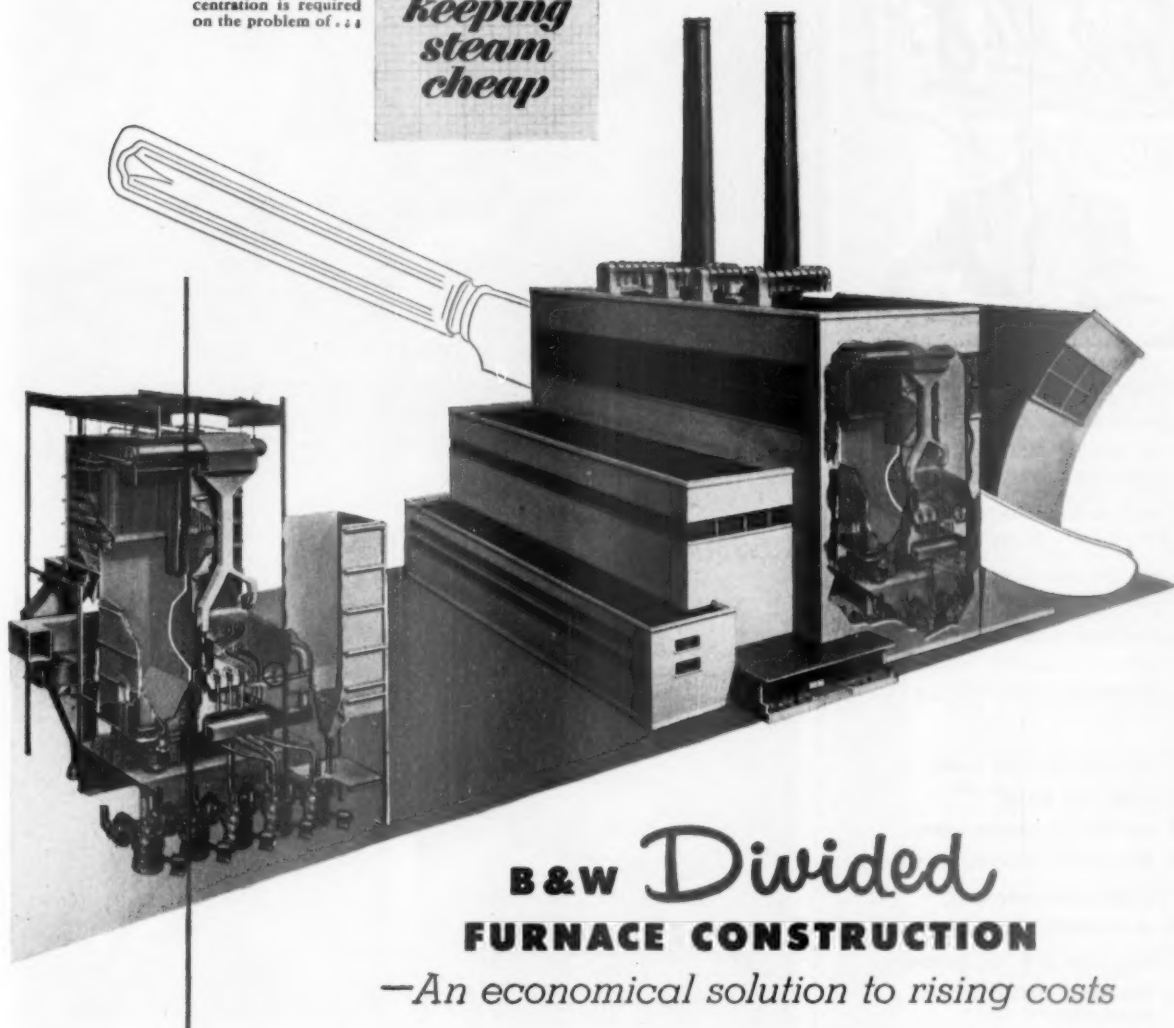
5. "I've no more use for maps and mules. The Statler's so darn near to shows and shops and business, too. My future plan is clear. I'm settlin' down at Statler. I'm sure you'll all agree you strike gold at the Statler. It's the only place to be!"



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steam
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When fifty to one hundred tons of coal are burned in one boiler in a single hour, the tremendous amount of energy released is difficult to control. To harness this vast outpouring of heat and chill the tons of ash particles to the required temperature, huge furnaces, often 10 to 15 stories high, are needed.

With rising costs of materials and labor, engineers have long sought a way to reduce the size both of boiler furnaces and of the buildings that house them. Division walls were an apparent answer . . . but serious obstacles stood in their way. It was not until B&W's inventions in the field of boiler circulation solved these

problems that the divided furnace became a simple, economical answer to rising construction costs. Already, over 75 B&W Boiler units with this important feature are in operation . . . and more than 80 additional units are under construction. All represent savings in size and cost of structure.

Keeping steam cheap . . . for public utilities and for industrial users . . . is a prime engineering objective at B&W, a major aim of our never-ending research and development program. The B&W Divided-Furnace construction is typical of many B&W cost-saving advantages worth investigating.

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BOILER
DIVISION

N-150

WASHINGTON OUTLOOK (Continued)

WASHINGTON
BUREAU
FEBRUARY 7, 1953

What does all the shifting mean? You can't figure it with a sharp pencil at this time. Too much depends on how fast Eisenhower moves and how he carries out his policies. But there's no mistaking the Administration's direction and the implications of its policies.

Many prices will rise—and soon. You can spot the areas where controls have been holding prices below supply-and-demand levels.

The impact will be sharpest on business costs. Washington figuring is that the cost of these raw materials will rise: copper, aluminum, steel, some of the basic chemicals, glass and its products, crude oil, and cement, among others.

Defense costs will push up, too. The government is spending upwards of \$30-billion yearly for arms—hard goods—and construction. Controls have restrained the prices of many raw materials and components.

No surge in consumer prices is anticipated. That's because competition for markets will be sharp.

Bread and milk may inch up. So will some services. But on the whole, relative stability is expected.

Consumer durable goods are under a downward pressure. In autos, for example, the makers feel that real competition is here. So they don't talk in terms of higher prices. Neither do most other makers of consumer hard goods.

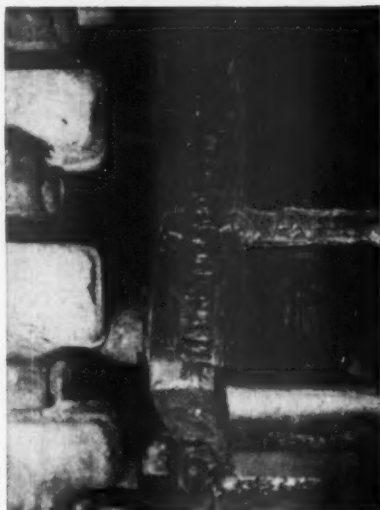
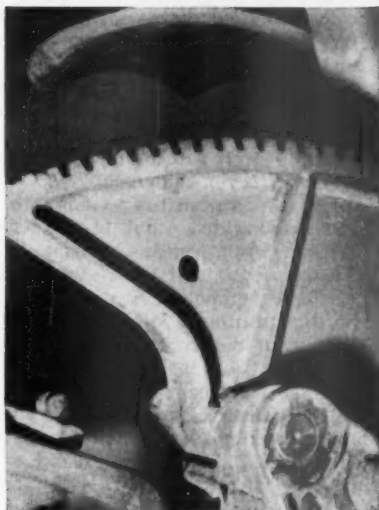
You can expect a wave of wage increases. The Wage Stabilization Board, now in the process of being disbanded, has a backlog of some 10,000 increases pending. These are mostly deals between individual companies and their unions. On top of that—once prices are free—unions in the strong price lines are sure to make demands, no matter whether living costs rise, fall, or remain stable.

A farm problem is building up. Prices are skidding all down the line. Eisenhower would like to delay this problem until he can work out a long-term solution. But he may have to move soon—maybe this term of Congress, and certainly no later than the spring of next year. Tough times for farmers can cost him his House and Senate majorities in the 1954 elections.

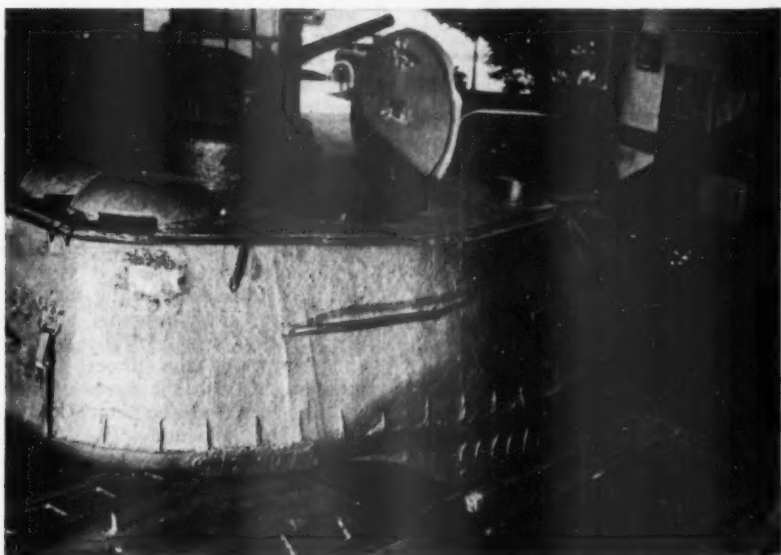
We will become more aggressive against the Reds. Eisenhower's quarrel with the Truman-Acheson line is that it held us to the defensive.

Turning Chiang loose is only a first step toward increasing the pressure on Communist China and Russia in the East. Whether the Chinese Nationalists can really bear down against the mainland and divert forces from Korea and Indo-China can only be speculated on at this time. The hard fact is that the public expects Eisenhower to wind up the fight in Asia this year. So politics demands additional moves.

You hear much about a spring offensive in Korea. Neither State nor Defense will say what's ahead. That would tip our hand to the enemy. But putting our foreign policy on a more positive footing involves some calculated risks. A miscalculation could reverse policy here at home and bring back controls.



TOP-NOTCH WELDING is used in the critical places: a gear (left) for a gun aimer, and an exposed joint (right) on armor.



COMPROMISE results in greater productivity from Russian plants. Although the turret (above) of this tank had a crack to begin with, it was patched up by a quick welding job and sent on the assembly line.

How Red Arms Stack Up

"Don't get the idea that they are a bunch of peasants. They may turn out junk by our standards, but it's awfully effective junk."

That's the way one officer of the Ordnance Corps' industrial intelligence branch last week described the Soviet workers who are turning out Russia's military equipment. His remark was based on studies of armament that has been captured in Korea and returned to the U.S.

The military's attempts to snag Rus-

sia's gear have been catch-as-catch-can. The stuff is not easy to get. So far, the Army has fared best, having captured an assortment of small arms, artillery, and tanks. Coming in second best, the Air Force has copped at least two MiG-15s, the "hot" jet fighters that are said in some respects to have topped our own over Korea (BW—Feb. 24 '51, p. 25).

• **Basic Principles**—The gist of the studies is that Russian production is efficient, if not fancy. You must first

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3. ADEQUATE LABOR SUPPLY
4. EXCELLENT TRANSPORTATION
5. A GROWING MARKET
6. A MODERATE CLIMATE
7. HOUSING FOR ALL INCOMES
8. COMPLETE RECREATIONAL FACILITIES



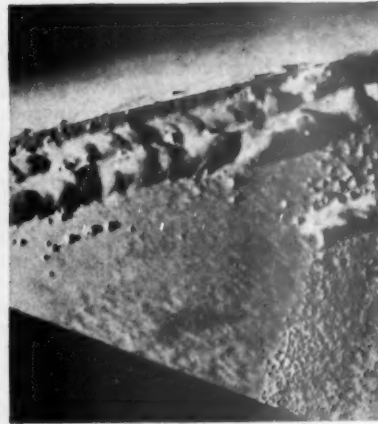
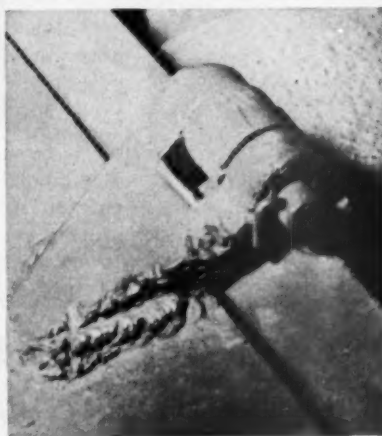
MONTEREY COUNTY INDUSTRIAL DEVELOPMENT, INC.,
a non-profit organization

We've prepared an informative booklet that presents the basic facts of Monterey County. You are invited to write for this booklet, on your company letterhead, please. Your letter, addressed to Dept. J, Monterey County Industrial Development, Salinas, California will be handled promptly and, of course, in a confidential manner.

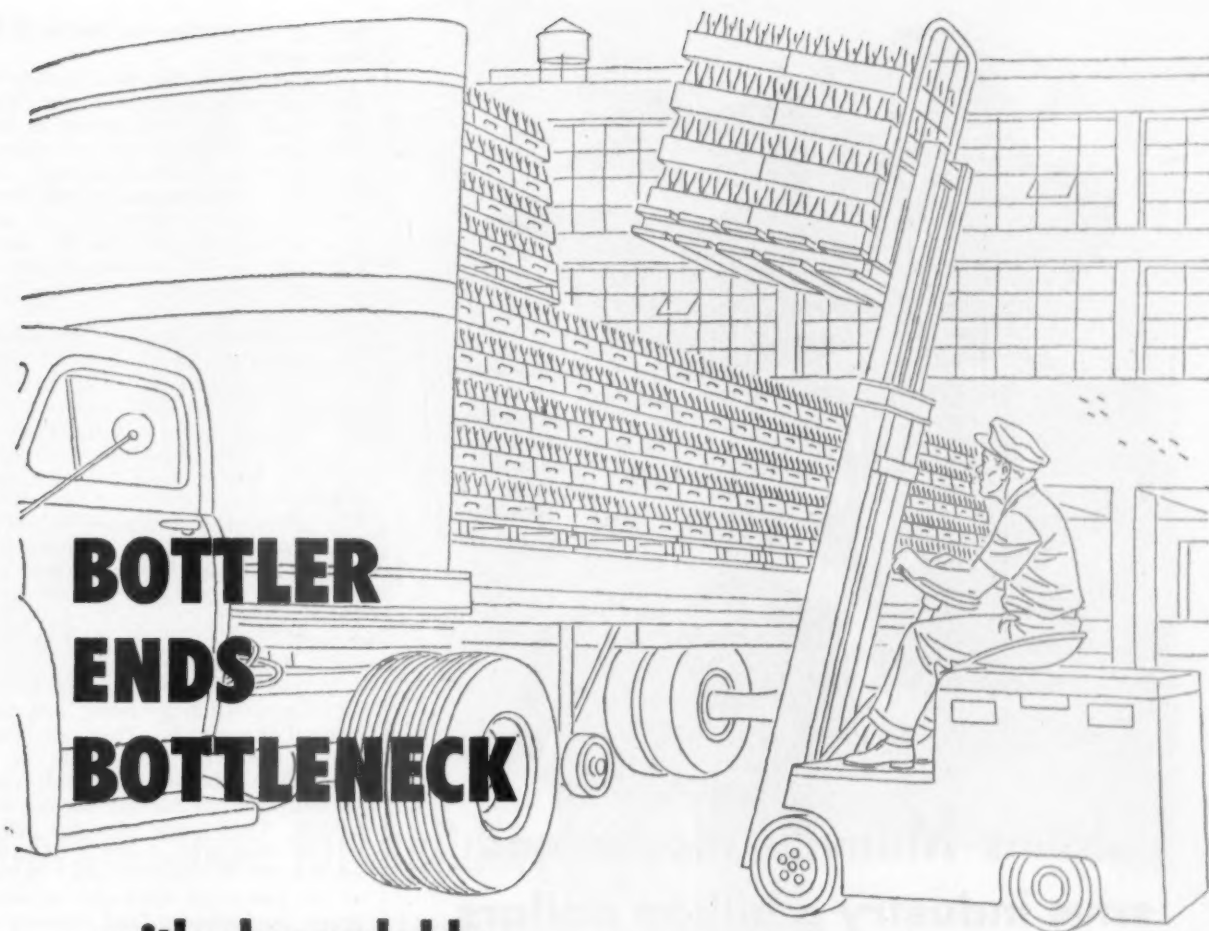
PRODUCTION



RUSSIA'S T-34 is a jalopy, according to U. S. limousine standards. But on the battlefield, the tank turns out to be a formidable foe.



CRUDE WORK Hinges (upper left) are welded on slapdash: A crack (lower left) showed up without proper treatment after welding. Seams (lower right) are sometimes welded over and over again. The weldment (upper right) results from the high (2%) silicon content of the steel (U.S. engineers hold it to 1%).



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ENDS
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with dependable

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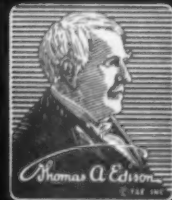
HEAVIEST WORK comes at day's end for an eastern bottler of one of the country's most popular soft drinks. After batteries have been powering fork trucks all day serving bottling machinery, fifty highway delivery trucks must be unloaded and re-loaded.

POWER TO SPARE for this big shift-end job is provided by dependable EDISON batteries. In twelve minutes, one man and a fork truck unload and re-load a delivery truck—a job that formerly took four men twenty minutes.

BEFORE RECHARGING; batteries have sometimes remained in service nearly sixteen hours continuously. Spare batteries are used only when operations continue far beyond an eight hour shift. Further, the ability of EDISON batteries to take a quick boost-charge during

lunch hour has been a big factor during the busy season.

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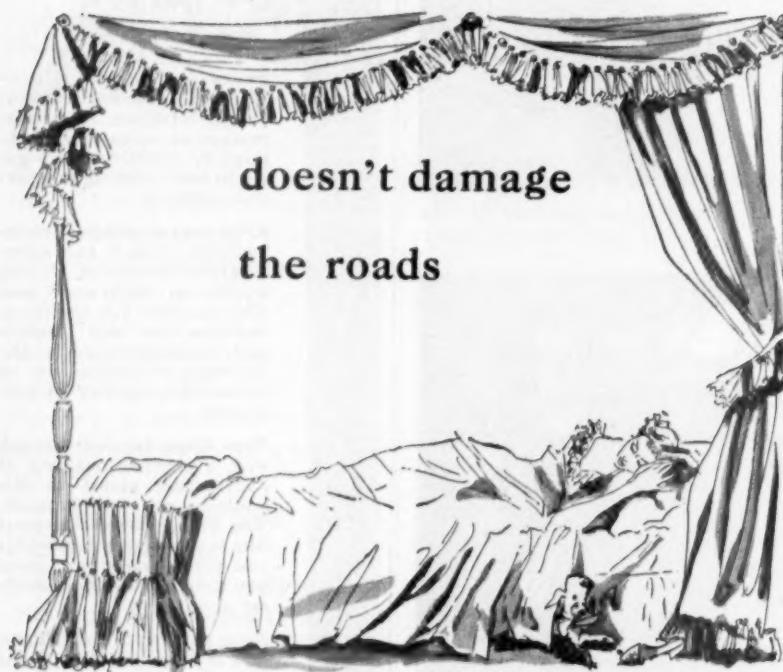


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So remember when you see those big modern trucks rolling along with **necessities for you**, that they're **not hurting the roads**. They're engineered to **distribute** their weight. Roads built right and maintained correctly **can take** both the weight and the volume of today's traffic that is so vital to America.

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American Trucking Industry

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understand two obvious, simple principles that underlie the design of Russian equipment, before its production methods make any sense: (1) Most of Russia's gear is designed and engineered for a short service life in combat; and (2) the Soviets leave out components that give safety and comfort to the men who operate the equipment.

To an American this sounds ruthless and short-sighted. But to a Russian, it's just plain realistic thinking. The Russians figure that the life expectancy of battle equipment is short, at best. So they turn out a lot of fairly durable equipment rather than concentrating their efforts in making a few models that are technically perfect.

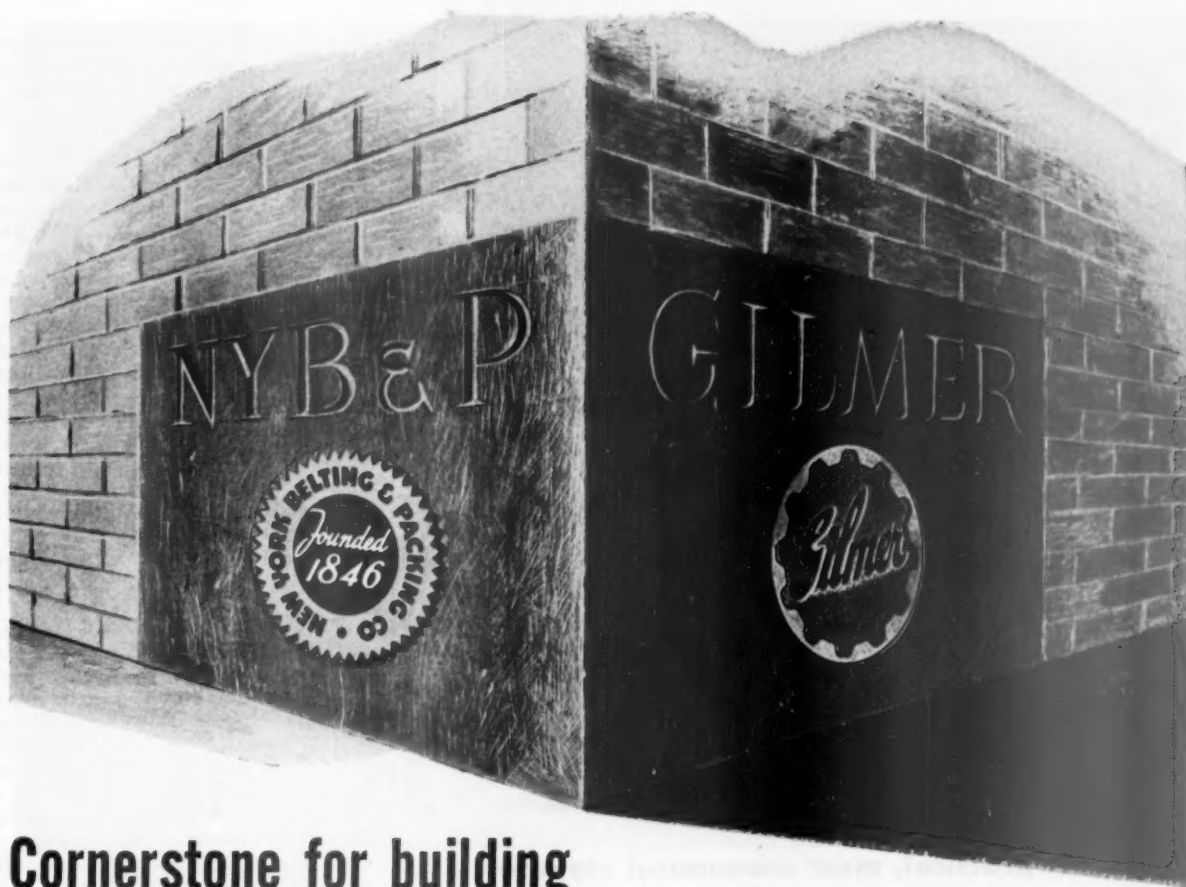
The Russians, for example, figure that a tank gun has a short service life in combat. So the gun barrel of a Russian tank is rated for only about 20 rounds of ammunition. The gun may be used more than that, but it will lose accuracy. The Russian designer, however, is happy. He's saved high-grade steel for more critical uses.

• **In Mufti**—Another example is Russia's T-34 tank, a model of Soviet engineering. It's a flop. But on the battlefield, it's something to be reckoned with. In World War II, the Germans who fought against it gave it a top rating; and in the early days of the Korean war, it took the offensive—for a short time.

It's a mistake to brush off Russian equipment just because it is inferior by U.S. standards. While the Soviets skimp on safety trappings and other refinements, they put fine work and materials into the places where it counts—and where it shows up in the performance of the equipment.

• **Slapdash Assembly**—This apparent lack of consistency in quality and standardization shows up in the study of one T-34, now a museum piece at the Aberdeen Proving Grounds of the Ordnance Corps. U.S. experts saw it as evidence of Russia's dispersed, varied industry: One plant produces machine-made parts, another makes them by hand. Many subassemblies of the tank would be rejected before they reached a U.S. assembly line. The Russian's put them together, anyway, usually with slapdash workmanship. But vitally important parts—say the ones for aiming the cannon—are handled with tender, loving care.

Specifically, the welding jobs on the T-34 typify Russian quality control (if it has such a system). All the armor plate is welded by hand. The joints of a weldment frequently are poorly fitted. Secondary fittings—brackets and supports—are quite haphazardly welded. Cracks in the armor plate—the results of poor steelmaking or foundry methods—are patched up afterwards. But the gears that raise and lower the gun have



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welding that matches the best in U.S. tank plants.

One reason for the poor quality of Russia's welding is the steel used. The armor plate and turret castings of the T-34 have a high content of silicon, an element used in alloying steel. In the U.S., welding engineers hold their silicon content to about 1% to get good weldments. But Russia's steel goes as high as 2%, and often results in internal stresses and cracks after the welding operation.

• **\$64 Question**—Actually, the metallurgical methods of the Russians keep U.S. experts guessing. The Soviets, apparently, haven't a well regulated system for adapting metals to production. Or, more likely, fabricators use what steel they have on hand, tapping a supply that varies in quantity and selection. They use brass in some products, where brass really isn't necessary. The shaped-charges of their armor-piercing bazookas, by contrast, use ordinary iron instead of copper, which the U.S. believes is a must for this kind of projectile.

In the main, though, the Soviet metallurgists rarely go wrong with the material that counts. They use titanium, a relatively new metal, as a stabilizer in the stainless steels that go into their jet turbine engines for fighters. Their armor plate for tanks, for the most part, matches U.S. requirements. Steelmakers don't skimp on the hard-to-get alloys such as manganese, molybdenum, and chromium, if that would mean sacrificing the hardness of the armor plate.

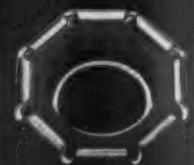
• **Cause and Effect**—It's obvious that the poor equipment coming off the production line isn't due to lack of knowhow. Back of the inconsistencies in its quality and design is the fact that Russia's supply of skilled workers is spread pretty thin. The sudden and tremendous buildup of Russia's garrison economy (BW-Dec.20'52,p95) has not allowed the Soviets enough time for turning peasants into top-notch craftsmen and workers. Russia's capacity since 1941 has increased faster than its program for training production men.

To offset this problem, Russia has made good use of its engineering personnel. Soviet engineers have learned to supplement skilled craftsmen with unskilled labor in producing weapons. So a tank comes off a Russian production line looking like a hybrid of a limousine and a jalopy.

• **No "Firsts"**—If the Russians have developed any radically new production methods, they haven't yet showed up in captured equipment. One of the first to appear would certainly be press forgings in airplanes. After World War II, the Russians hauled off a lion's share of big German presses: four forging presses, two extrusion presses, and



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proof mechanical joint.

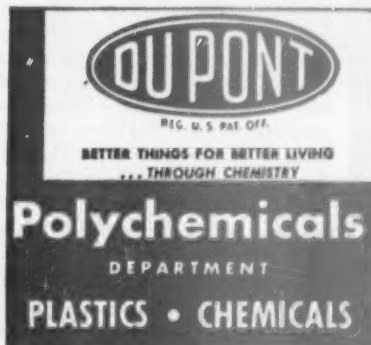
Universal's engineers specified that the liner be injection-molded of Du Pont nylon plastic because the electrical insulating properties of nylon prohibit the closing of the circuit. Du Pont nylon's resiliency and strength—the liner is actually stronger than the steel shell—assure a tight joint winter and summer. And its toughness and abrasion resistance mean long, trouble-free service. In use, the nut increases pipe life—often doubles it.

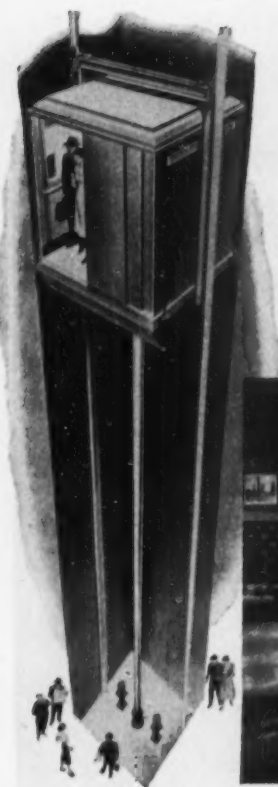
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the designs and some parts for one giant forging press. Since then, Russia has probably developed and expanded a press program similar to that of the U. S.

But no forgings have been found in the planes captured in Korea. In fact, the MiG-15 uses a high number of stamped parts, many more than the U. S. uses for a similar kind of plane. So you can make two guesses about Russia's press program: It is still bogged down in the development stage, or the output is going into bigger planes such as bombers, which haven't been used in Korea.

The makeup of the captured planes throws light on another angle of Soviet planning. By using more small parts in a plane than we would, the Russians can farm work out to small plants and to job shops where they can be either hand- or machine-made. That eliminates the need for making a majority of parts in large aircraft factories.

• **Double Standard?**—The baling-wire methods of the Russians have the experts stumped in still another way. There's a big question as to whether Russia is using a double standard in its production of war goods. It might be making the "junk" for export to the satellite countries and putting a Cadillac finish to equipment slated for its own consumption and stockpile.

Most industry people who are familiar with Soviet methods reject the idea of a double standard. They think that Russia is involved in manpower and supply problems, which would complicate its planning with two different grades in quality.

PRODUCTION BRIEFS

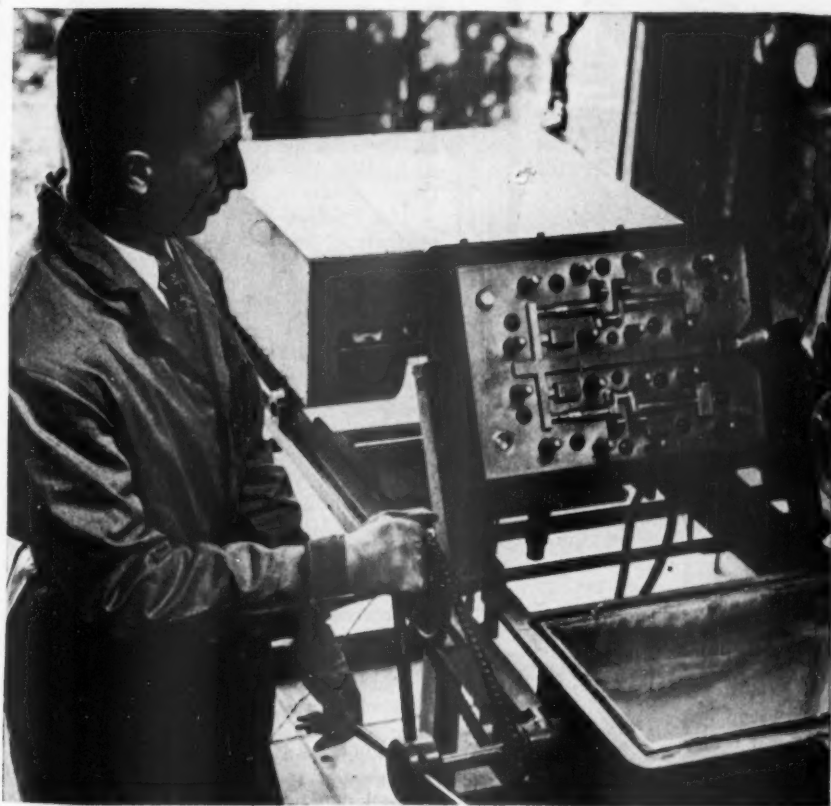
• **Bendix Aviation Corp.** has developed a new ceramic-base brake lining for jet aircraft. The Cerametallic lining is reported able to survive landing impacts that heat brakes to as high as 1,800F in three seconds.

• **The induction stirrer** installed on one of the large new electric furnaces at the Canton (Ohio) steel mill of Timken Roller Bearing Co. is working out well, preliminary reports indicate. The electrical device is being tried as a means of improving metal quality. Induction stirrers have been used previously only on small furnaces.

• **H. J. Heinz Co.** is putting a new form of iron into its line of precooked cereals. The iron is added during the individual kettle cooking process that precedes drying and packaging. The company claims that the new form is more readily digested and assimilated by babies.



STUDENTS developed a new and cheaper machine, became incorporators with the professor and an insurance executive (center) of a corporation to control . . .



THE MACHINE that is designed to put the new molding system within the financial reach of small foundries.

Foundries a Trick

interest that the students and their professor have organized a company to handle the unit. Last week their first contract-built production models were delivered.

• **Shell Molding**—The lab project started a little over a year ago. It was originally the idea of Frank K. Shallen-

berger, associate professor of industrial management. From his studies and observation of eastern foundries, he felt the shell-molding process had a promising future in mass-production industry.

Shell molding is important because it saves several of the steps and skills required by the old method of making

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PROFESSOR Frank K. Shallenberger, of Stanford University Business School, set his class studying why shell molding was not used in small western foundries.

Schoolboys Show

At Stanford University's industry laboratory—part of its Graduate School of Business—things are getting more realistic all the time.

The lab tries to give students practical experience in production by having them operate their own miniature manu-
facturing businesses. A while ago it

ran into a genuine materials shortage problem (BW—Feb. 17 '51, p94). Now one of the lab projects has turned up a find that is a potential jackpot: It has developed a shell-molding machine designed to sell a lot cheaper than current models.

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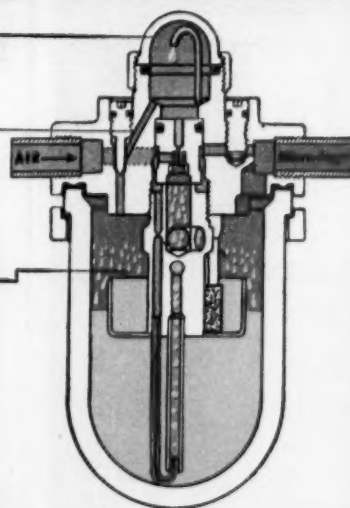
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molds for metal casting by packing sand around a wooden pattern (BW-Apr. 8'50,p54).

In shell molding, an aluminum pattern is made of the part to be cast. This pattern is covered with a mixture of sand, iron oxide, and a plastic resin. The plastic binds the mixture together when it is heated. After the pattern is removed, a shell-like half of a mold is formed by the plastic and sand mixture.

Then two of these halves are pressed together and held by tape or powdered adhesives. When bound together, the halves form a completed mold, and the molten metal is poured into it.

• **Expense Problem**—The thing that puzzled Shallenberger was that the process was regarded with apathy by smaller foundries. Why? That was the question that launched the class into shell molding as a project. The students interviewed foundrymen. They found most of them familiar with the process, but many felt they were too busy to even think about alternatives. Others threw up their hands at the expense of a shell-molding machine for a small-job shop.

• **The Product**—Back in the lab, the students set themselves the task of finding out why such a relatively simple process was beyond the financial reach of small foundries. This meant an intimate study and use of the process itself. Out of this study emerged a Goldbergerian complex of angle iron, channels, bar stock, and other materials. Despite its appearance, though, the machine was simply a convenient, compact system for packing the sand-resin mixture onto a metal pattern and binding it under heat.

The students recognized that it was crude. But it did make shell molds. And when they totaled up their costs for materials and rationalized the labor involved at commercial rates, they decided that a machine shop could reproduce the machine for \$2,000 or less. The cheapest shell-molding machine then on the market carried a price tag of \$4,900, and from there the prices rose sharply.

• **Looking It Over**—With the project completed, the students unveiled their machine to the trade in the West. Then the class closed the books on the project and the machine retired to the shadows to gather dust.

Last October a new class went to the laboratory. Meanwhile, industry people who had seen the machine in the spring were coming back for a second look. Some of them suggested that the university manufacture and market the machine.

Stanford business managers, however, were worried about the big patent fight that has been raging over the whole shell-molding process (BW-Dec.15'51,



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p44). They decided not to take a chance on getting involved.

• **Second Try**—At that point, Shallenberger and his ambitious students decided to go ahead on their own. Outside of class, they redesigned and re-engineered the whole machine, incorporating new ideas of their own and suggestions of industry men who had taken an interest. In a workshop behind Shallenberger's Palo Alto home, the group set up a new shell-molding machine.

For test runs, several western manufacturers gladly loaned metal patterns for a variety of castings. One of these was Magna Engineering Corp., of Menlo Park, Calif., manufacturer of the Shopsmith and the Magnadrill (BW—Feb.23'52,p60). Magna's president, Robert L. Chambers was so pleased with the mold made for a Shopsmith faceplate that he ordered a production run.

• **Getting Launched**—Last week as the first three production models were finished up at the small machine shop of a contractor in neighboring Redwood City, Shallenberger and his student collaborators made it official. They signed the papers incorporating themselves as the Shalco Engineering Corp., Box 208, Palo Alto.

The student incorporators are Edward Krupotich, George Bingham, Joseph Fetzer, and William Myers. They will serve as directors along with Shallenberger, Professor Paul Holden of Stanford, Chambers of Magna, and J. P. Dolan, a Palo Alto insurance executive.

The incorporators are hanging on to one of the first three production models for their own experimentation and study. Another has been sold to the Mfg. & Mine Supply Co. of Connellsville, Pa., which will manufacture the machine under the Shalco license for eastern sale.

The Connellsville firm is headed by Shallenberger's brother, John.

The third was sent to a foundry in Berkeley, Calif., for service-testing. When Shallenberger is sure that all the bugs have been removed, he will turn the Redwood City machine shop loose on a 10-unit production run to fill existing orders.

• **Prospects**—What comes after that isn't clear yet. Shallenberger expects the machine to sell readily. He hasn't settled on a price yet, but it will be under \$2,500.

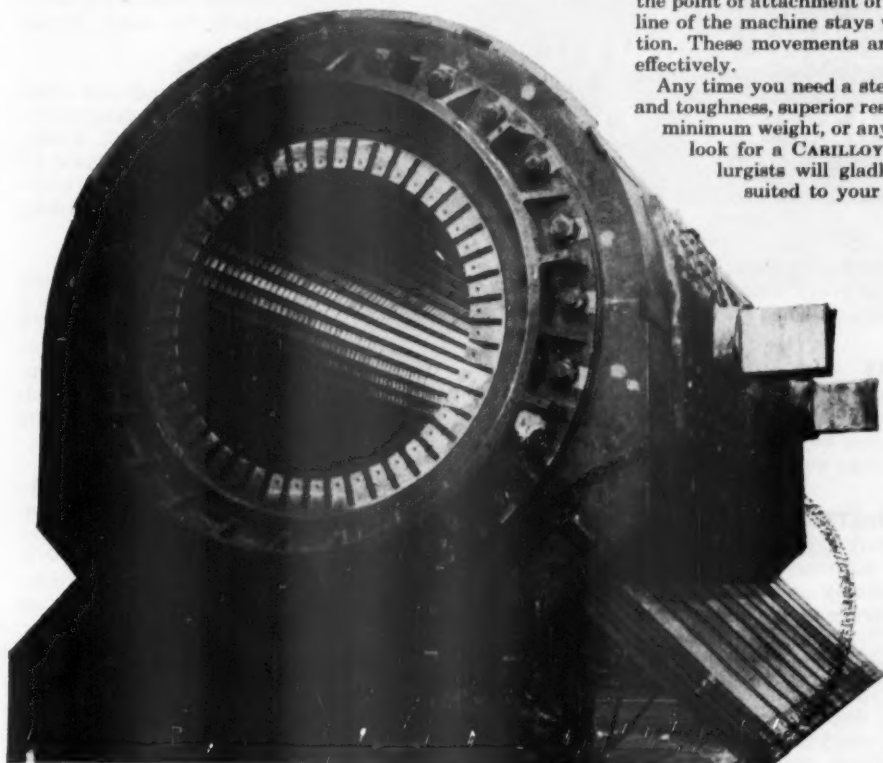
He and his associates have no intention of manufacturing the machine themselves.

However, they have applied for patents on it (this has no relation to the pending patent squabble over the process). As it now stands, the machine requires one operator—who need not be a skilled molder—but could be adapted to automatic controls in the future.

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These stresses create a torque that tries to twist loose the 200-ton stator assembly.

But no damage is done! These powerful machines are mounted on U·S·S CARILLOY steel plate springs that cushion the shock and then damp out any vibrations that follow. The springs must absorb these terrific shock torsion loads as often as 40 times an hour; so a tough, very durable steel is needed.

Forged springs were considered first. But GE engineers, with the cooperation of United States Steel metallurgists, found that a rolled alloy steel, U·S·S CARILLOY 4340, provides the required mechanical properties at *much lower cost*. This steel is tough, even though extremely hard, and it assures good endurance at 40,000 psi. as required in this application. In addition, it is easy to heat treat.

This CARILLOY steel is giving excellent service. Under the most severe short circuit, developing a whopping 8 million lb. ft. of torque, frame rotation is about $\frac{1}{2}$ in. each way at the point of attachment of the springs. And the axial centerline of the machine stays within 30 mils of its normal position. These movements are sufficient to cushion the shock effectively.

Any time you need a steel that will provide high strength and toughness, superior resistance to shock and torsion with minimum weight, or any combination of these properties, look for a CARILLOY steel. Experienced U·S·S metallurgists will gladly help you choose the one best suited to your requirements.

At General Electric Company's new switchgear development laboratory, this 1,625,000-kva short-circuit test generator is protected from mechanical damage during short-circuit tests by plate springs made of U·S·S CARILLOY steel. Rolled CARILLOY 4340 stands up under the repeated shock torsion loads developed in these machines, and it costs less than forgings.

U·S·S Carilloy Steels

USS

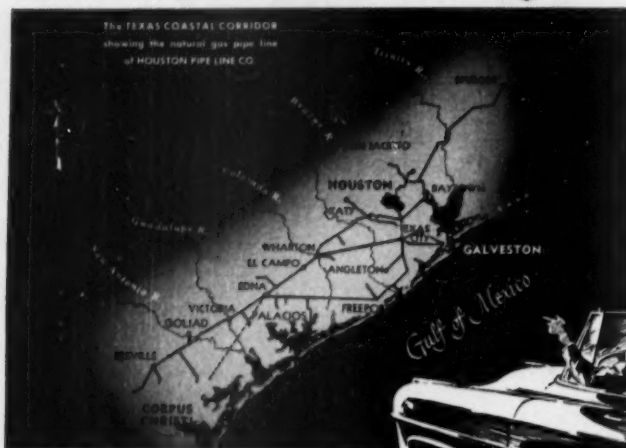
UNITED STATES STEEL CORPORATION, PITTSBURGH • COLUMBIA-GENEVA STEEL DIVISION, SAN FRANCISCO
TENNESSEE COAL & IRON DIVISION, FAIRFIELD, ALA. • UNITED STATES STEEL SUPPLY DIVISION, WAREHOUSE DISTRIBUTORS, COAST-TO-COAST
UNITED STATES STEEL EXPORT COMPANY, NEW YORK

UNITED STATES STEEL

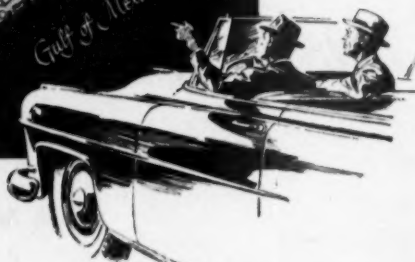
2-1953

But Have You Seen Texas' Coastal Corridor*?

You've heard about it
You've read about it
Now it's time you saw it



**The industrially expanding strip of Texas Coast served with natural gas by Houston Pipe Line Company.*



Why not visit sunny, hospitable Texas this winter?
And while you're here, let us drive you down the Corridor.

Check everything you've heard about its natural and manufactured resources, about its markets, workers, climate, transportation, taxes and the abundance, economy and efficiency of its natural gas for fuel and raw material.

You'll agree that . . .

The CORRIDOR offers something more!

Over and above its physical advantages, Texas' Coastal Corridor offers this intangible factor: *The habit of success that is so closely associated with Texas.*

It provides an atmosphere of initiative, enterprise and vigor peculiar to Texas.

It's the catalyst that makes small

industries grow big and big industries grow bigger.

It's something you must see to understand.

Plan to visit sunny, hospitable Texas during these winter months. Let us know when you're coming, and we'll arrange to show you Houston and the Texas Coastal Corridor.

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Subsidiary of Houston Oil Company of Texas



Wholesalers of **Natural GAS**

Keep your finger on the PULSE of Texas

PULSE of Texas is a new service of Houston Pipe Line Co. to keep you up-to-date on Texas. May we send it to you? Without obligation, of course. Just send us your name and address.

NEW PRODUCTS

Two-Way Press

In press work, the return strokes of the press ordinarily add up to a lot of lost motion. But hydraulic presses now in use at the New Orleans (La.) plant of Rheem Mfg. Co. eliminate the lost time by having the reverse stroke perform an operation, too.

The double-end presses were custom designed for Rheem, which makes 90-mm. shell cases, by Clearing Machine Corp. of Chicago. Rheem's production line has four double-end, horizontal presses and two vertical presses, equipped with special automatic feeds and connected with automatic and semi-automatic conveyors.

On the first double-end press, the blank (steel disk) is pre-cupped at one end, then carried to the other end for cupping. Two drawing, or stretching, operations are performed at either end of the next horizontal press. Third and fourth drawing operations take place on the third machine. Between the third and fourth draw, the shell goes to a vertical press for a pre-head operation. After the fourth draw, the heading operation is finished on a second vertical press. The last step, tapering, is performed on another double-end press.

Besides speeding up production, a double-end press requires less space than two conventional presses. Rheem's models are 26½ ft. long, 10 ft. high. Power consumption is reduced, too, since each double-end press has only half the motor capacity of two separate presses.

Clearing says that installation was a relatively simple matter. No foundation pits were required, which was especially important to Rheem since subsoil conditions at the plant are unstable. Maintenance problems are also said to be simplified because the low silhouette of the press makes the operating mechanism readily accessible.

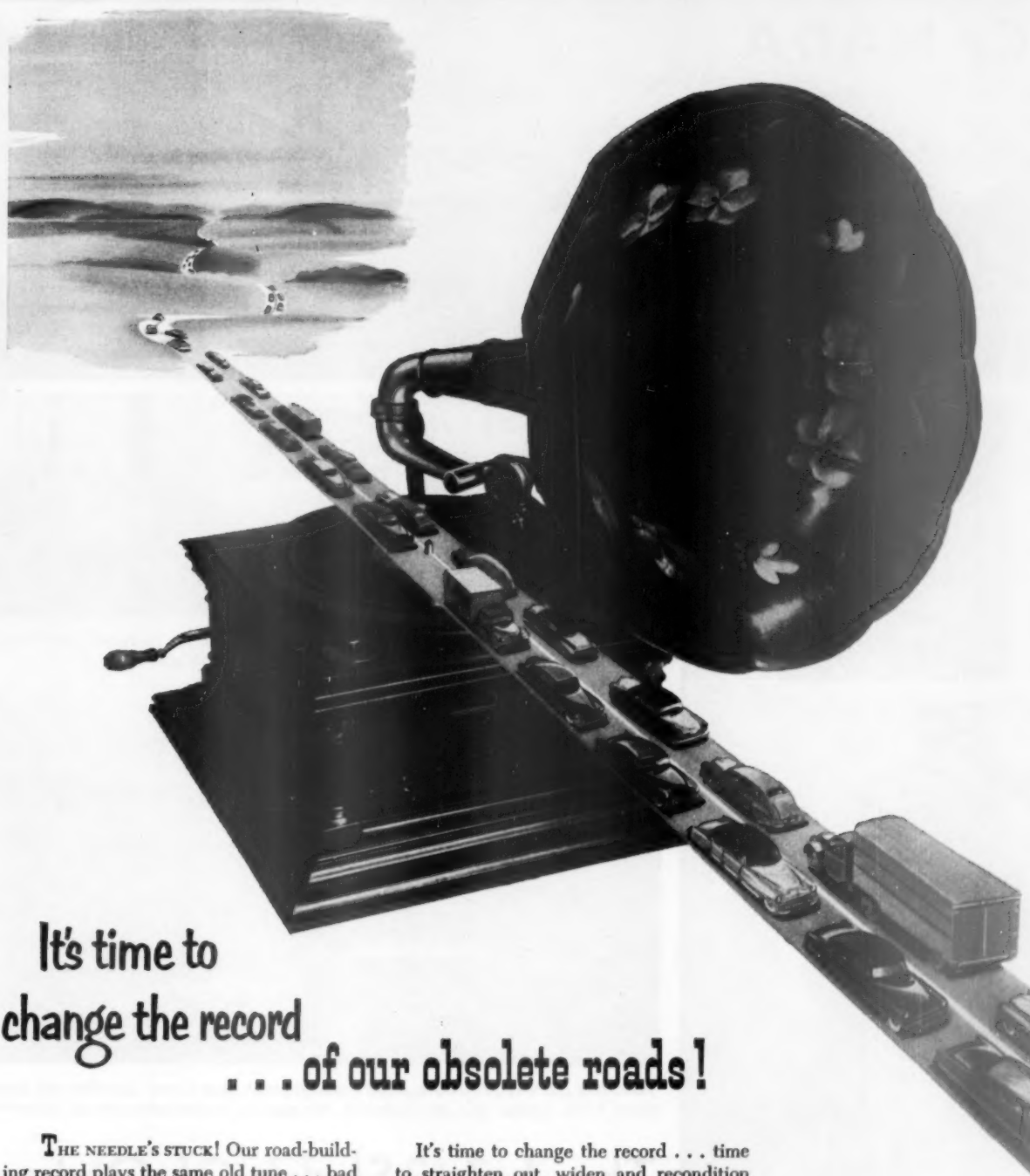
• Source: Clearing Machine Corp., 6499 W. 65th St., Chicago 38, Ill.

Speedier Blood Count

A hospital laboratory instrument that gives an accurate blood count automatically in only 10 seconds has just been introduced by Haemoscope Corp.

The manufacturer claims that the instrument gives accuracies within closer limits than those generally provided by visual methods, removes most of the errors of the counting-chamber method. Unlike previous types of automatic instruments, the Haemoscope compensates for a fairly wide range of variation in cell diameter.

The instrument uses light diffraction through a highly dilute suspension of



It's time to change the record ... of our obsolete roads!

THE NEEDLE'S STUCK! Our road-building record plays the same old tune . . . bad roads, bad roads, bad roads . . . ! These highways were built in the '20's, with the '20 methods, to fit '20 traffic — 20 million vehicles. Today, 52 million vehicles travel over 500 billion miles every year — and the spiral climbs year by year.

It's time to change the record . . . time to straighten out, widen and recondition our obsolete roads. Good roads are necessary to our economic welfare in peace and vital links to survival in time of war. It's time to arouse public opinion, because "good roads are everybody's business"!



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300-TON GIANT or 500 lb. crane — Shaw-Box builds all capacities for every need. Power stations, railroad shops, steel mills and industrial plants of every description rely on the dependable service that has distinguished "Shaw-Box" Cranes for generations.

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MANY FEATURES ORIGINATED by Shaw-Box have become standard in crane manufacture everywhere. For enduring stamina... for complete safety for man, load and crane... for unmatched load-handling economy and maintenance convenience — you can make no better choice than a dependable "Shaw-Box" Crane.

PLAN YOUR REQUIREMENTS for today and years to come. We will gladly cooperate with your engineering consultants or your own staff. Or write for Catalog 219 showing "Shaw-Box" Full Electric Traveling Cranes from 5 tons up; Catalog 218 for 'Load Lifter' Cranes from 1 to 20 tons; or Catalog 221 for Series "D" All-Electric 'Load Lifter' Cranes from 5 to 20 tons.



"Shaw-Box" CRANES

MANNING, MAXWELL & MOORE, INC. Muskegon, Michigan

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blood under test. The diffracted light striking the surface of a photoclement activates a dial that gives the reading.

• Source: Haemoscope Corp., 101 Park Ave., New York 17, N. Y.

• Price: \$585.

NEW PRODUCTS BRIEFS

Celaperm, a color-pigmented acetate yarn, was shown in a performance-test exhibit by Celanese Corp. of America at the American Assn. of Textile Technologists' symposium in New York last week. The company says that the tests demonstrate an all-around color fastness unexcelled by conventional dyeing of any fiber, natural or synthetic.

Stencils, especially designed for duplication of legal documents, are available from A. B. Dick Co., of Chicago, Ill. The new stencils have special double lines along the left margin and line numbers that reproduce when run on the mimeograph, thus doing away with the necessity for using special document paper.

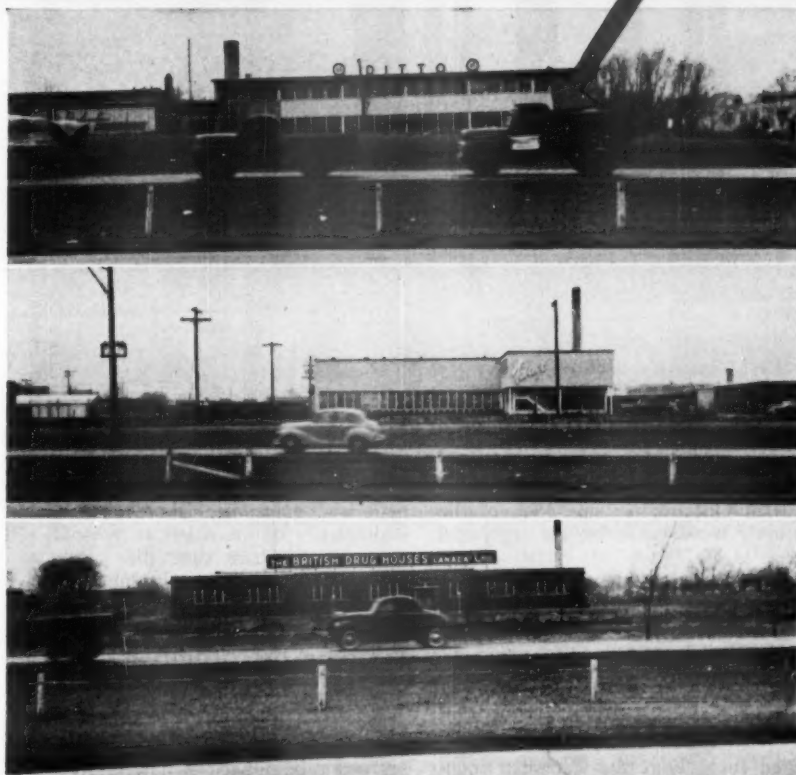
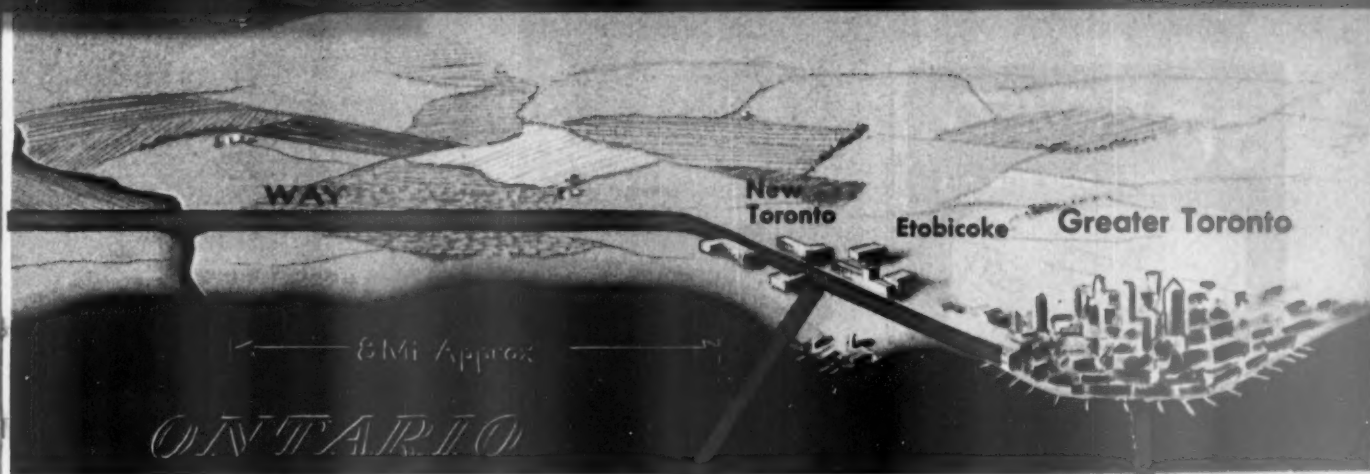
A towing tractor for aircraft and other heavy equipment has been designed by Clark Equipment Co., Battle Creek, Mich. The new tractor is powered by a six-cylinder Chrysler engine developing 114 hp., has a drawbar full rating of 12,000 lb.

A broiler unit and four full-sized gas burners have been incorporated into a 6-in. counter top, 42 in. long and 25 in. deep, by Chambers Corp., Shelbyville, Ind. The broiler unit opens upward, and the broiler platter can be adjusted by handles on the front of the cooking counter.

An automatic drain valve, which works on a vapor-ejection principle, is manufactured by Westinghouse Air Brake Co., Industrial Products Division, Wilmerding, Pa. It removes water automatically as quickly as it collects in compressor air tanks or afterburners.

Spray-Glo is a bright daylight fluorescent lacquer in a spray container. It is offered by Craftint Mfg. Co., Cleveland, Ohio, for use in preparing signs and displays. Price of an 11-oz. container is \$2.80.

Drivesall, a new rubber transmission belt, first ever made with all rayon fabric, has completed five years of laboratory tests and field development at B. F. Goodrich Co., Akron, Ohio. The company says it is 25% stronger and has up to 10 times greater flex life than cotton fabric belts made with the same number of plies.



SMALL PLANTS are spaced neatly along Queen's highway in Etobicoke Township, one of Toronto's satellites. Industrial sites range 10 mi. outside the city, along . . .

Canada's Golden Strip

week their hopes got another boost when the Toronto Industrial Commission, whose bailiwick includes some 20 mi. surrounding the city, released its 1952 report. The good news: another record year, with new manufacturing projects in the Toronto area up 50% over 1951.

Businessmen in Ontario are loath to call this growth a boom—in the sense of a sudden speculative mining or oil development. Boom, they feel, implies bust. They see Ontario's growth as a

strong, long-term surge, based on sturdy underpinnings.

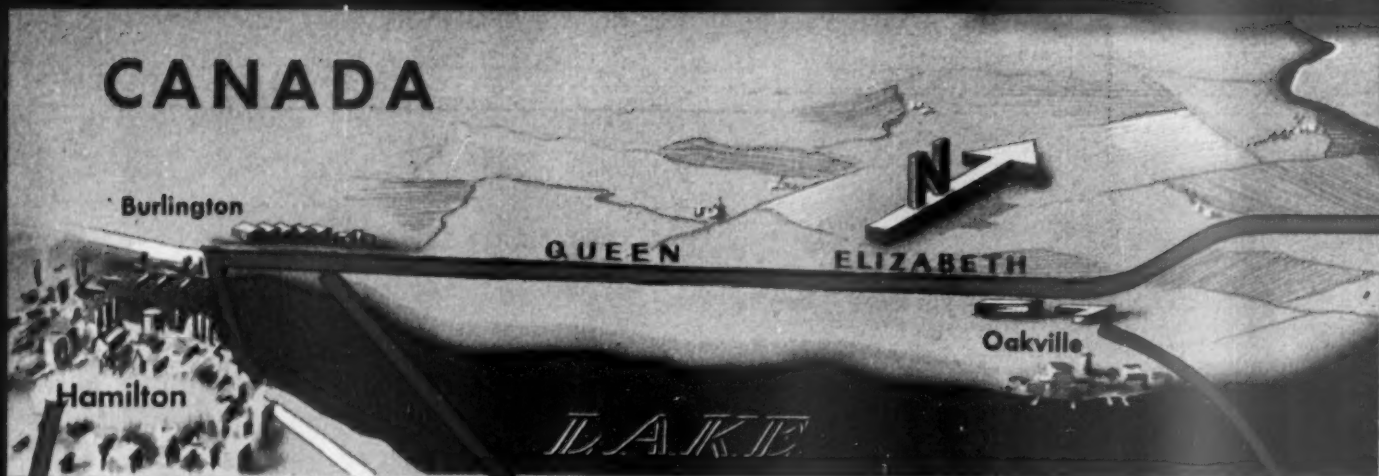
• **The Hub**—Ontario is, and probably always will be, the workshop of Canada. Every new natural resource development on the Canadian frontier—aluminum or oil, iron or newsprint—looks to Ontario to supply equipment and eventually to fabricate and sell its product. Within a 100-mi. radius of Toronto lies fully one-third of the entire national market. Here's a sampling of 1952 statistics:

• A third of Canada's population



BAY STREET, the hub of Toronto, is Canada's commercial and financial center.

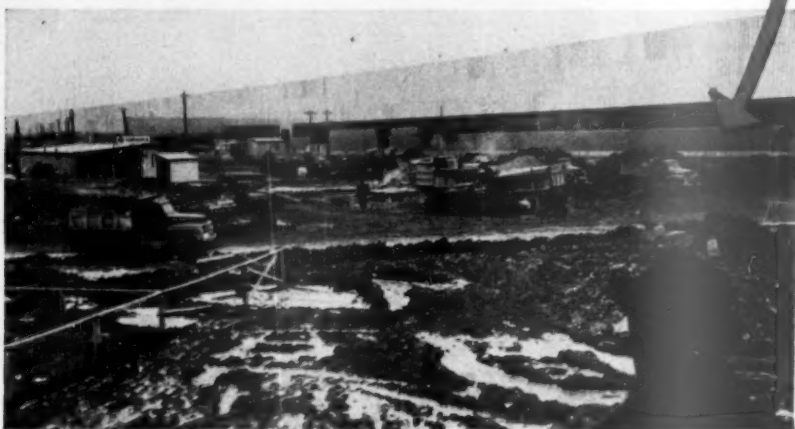
CANADA



FARMLAND at Burlington Township, just outside Hamilton, was purchased last November by Studebaker Corp. of Canada for a large new auto assembly plant.



HEAVY INDUSTRY: Burgeoning Hamilton is the steelmaking center of Canada.



BIGGEST PLANT in Canada, Ford's new assembly center near Oakville, will employ about 5,000, nucleus of a new industrial community. Project costs around \$20-million.

The Lake Shore of Ontario:

Along most of the 40 mi. or so between Toronto and Hamilton, the Queen Elizabeth Way (cover) stretches its four lanes through flat, near-empty southern Ontario farmland. But the highway's tree-lined borders aren't nearly so bare as they were right after the war. Today there's a neat hedgerow of small factories just outside Toronto, several more further on, and still later, the long, low silhouette of the Ford plant, Canada's largest, going up near Oakville.

Local boosters and cautious bankers agree that before many more years have passed, the Queen's highway will be one continuous strip of industry.

• **Foretaste**—Canadians feel the highway and its environs are only symbolic of the growth potential of the 100-mi. shoreline crescent between Oshawa and the Niagara frontier. They believe the area is destined to become a great industrial complex, rivaling the Midlands of England or even the Detroit-Cleveland lakefront in the U. S. This



NEW HOUSES are sprouting everywhere; these small one-family dwellings are just off the Queen's highway. Housing and labor shortage pose a problem for Ontario in years ahead.

The Commission is likely to remind a newcomer (many of them get help in finding a site from the Commission's engineers and planners) that big industry is near enough. Hamilton, 40 mi. down the Queen's highway, is Canada's steel center. At nearby Malton, A. V. Roe is adding a huge jet engine plant to its other facilities; de Havilland has an aircraft plant there, too. And when present expansion plans are fulfilled, every automaker in Canada save Chrysler will be within 40 mi. of Toronto (Ford at Oakville, General Motors at Oshawa, Studebaker at Hamilton, and Burlington, Reo and Nash close to the city limits). These plants, the Commission says, act as magnets to draw small suppliers to Toronto proper.

• **Easy Lures**—The Industrial Commission's sales pitch is simple. Asst. Gen. Manager William Willson stresses these points, in this order:

• Toronto has the markets—one-third of the nation's.

• Toronto has the labor pool—the largest reservoir of skilled and unskilled workers in Canada with the possible exception of Montreal. Because of the wide diversity of industry, wages are lower than in many other Ontario cities (\$52.39 is the weekly average in manu-

facturing compared with Oshawa's \$64.77, largely determined by GM).

• Toronto is the transport hub. It's the division point on all east-west rail traffic, it has a good harbor, it's on the major truck routes, and there's a first-class airport at Malton.

• Toronto is the warehouse for all kinds of Canadian raw materials, the producer of a complete range of parts and services. It's the commercial and financial heart of the country.

• **Essentials**—These are the key ingredients for most businessmen, says Willson. Industrial boosters in Toronto make clear that they're not offering cheap labor, cheap land, and low taxes (the average tax might be \$1,000 a year for 10,000 sq. ft. of industrial space). The influx of new industry can't help but bid up wages and real estate; and Canadians generally frown on municipalities granting tax exemptions or incentives to lure new industry. "We don't need to," they say.

As proof, Toronto officials can point to a plot of land in the northeast section of the city—a cornfield in 1948—that has blossomed with some 50 small factories supplying everything from soft drinks to photo services. They'll mention the "Golden Mile" in the township of Scarborough, which since 1949

"Ton Tamer"... for every industry!



If your load weighs 2000 lbs. or less, the HYSTER 20 Lift Truck is the surest way to more profit!

Whether it's bales, bricks, bottles, boxes or barrels, the Hyster 20 can move your ton more profitably than in any other way—as attested by Hyster records in every industry. *The Hyster 20 is more than a lift truck with two forks for pallet work.* With the proper attachment, it can be adapted to "tame" tons of otherwise hard-to-handle materials. To put more profit in your materials handling write today for Catalogs 1198-C and 1206 to Hyster Company, 2907 N. E. Clackamas, Portland 8, Oregon.

Hyster's 101 Attachments "tame" a ton in any form



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HYSTER COMPANY • Four Plants: Portland, Oregon,
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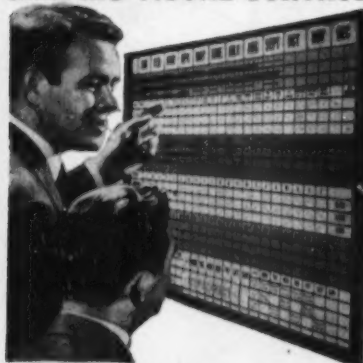
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SERVICES, like this million-gallon municipal water tank and branch bank office in Scarborough, are expanding to handle blossoming industrial plots on Toronto's fringes.

lives in Ontario; perhaps 45% of the nation's motor vehicles are registered there.

- Ontario's personal income (\$5.3-billion) and retail sales (\$4-billion) are both just a shade under 40% of Canadian totals.

- The value of Ontario's manufacturing output comes to \$8.6-billion, just under half of the nation's.

- Of the total \$20-billion or so invested throughout the Canadian economy since 1947, fully 38% has funneled into Ontario.

- **Plenty of Room**—It's a good bet, says the provincial Dept. of Planning & Development's Trade & Industry Branch, that Ontario will continue to grow just as fast or faster than the rest of Canada. Canadian economists pooh-pooh the idea that the expanding western provinces will ever outstrip the East, that Ontario's economic dominance is on the wane.

They point to the tremendous potential for manufacturing offered by Canada's "fabrication gap"—the difference between the amount of raw materials the nation produces and the percentage fabricated to finished products within the country. The fact that Ontario is already the industrial heartland—with its advantages of markets,

materials, transport, labor, combined with plenty of room left to grow in—seems to indicate that the province will continue to corner the lion's share of new plants and new people.

I. Come to Toronto . . .

If a U.S. manufacturer is setting up a plant in Greater Toronto, along the Queen Elizabeth Way or elsewhere, he won't be lonely. Chances are his next-door neighbor will be a fellow countryman. There are probably more plants of American origin (with varying degrees of U. S. control) in the Toronto area than in any other city in the world outside the U.S.—nearly 400 at latest count. And dozens of new ones come in each year—along with Canadian, British, and continental European manufacturers.

- **In Good Company**—Most of Toronto's 4,300 factories are small, with average employment under 50 persons, though a few big plants have thousands of workers. Of 171 official classifications of Canadian industry, 158 are represented there. This diversification, says the Toronto Industrial Commission, gives Toronto the "buoyancy and stability" that has always marked the area.



You're sure to raise one of these soon

It's something you use every day. Recognize it? If not, it's because "close-ups" make it easy to overlook the obvious. And that applies to shipping problems, too.

For example, from "close-up" you may think *all* shipping services have a 50 to 100 lb. minimum charge on shipments. But, not so. With Railway Express you pay only for the exact number of pounds you ship. Picture the difference this graduated charge can make in your shipping bills!

Picture the difference if you could back away from the photo above and see it complete. You'd

see an eyebrow . . . and probably be surprised enough to raise your own.

When it comes to shipping, you *can* back away and see the complete picture. If you do, you'll see what extras you may now be paying. You'll spot any separate costs for pickup, insurance, receipts, or for re-packaging shipments into smaller units.

Compare all these costs and the service they buy with the complete, swift, safe, door-to-door service provided by Railway Express for a single charge. You'll see why it pays to always specify Railway Express.

use the complete shipping service...



No size or weight limit • Pickup and delivery, within prescribed vehicle limits, in all cities and principal towns • Liberal valuation allowance • Receipt at both ends • Ship collect, prepaid, paid-in-part • Ship by Air Express for extra speed

(Advertisement)



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"Last year, at the British Industries Fair, I established a source of supply for engraving presses which contain features that are simply not available in domestic equipment," says Arthur Dettner, of Dettner-Dettner-Dettner, San Francisco graphic arts firm. "That's why I'm going over again this year."

For full information about the British Industries Fair, business men are invited to write or telephone their nearest British Consulate, or Commercial Dept., British Embassy, Washington, D. C.



Patch broken concrete floors without tying up plant traffic. Use durable INSTANT-USE—a tough plastic material which takes traffic immediately. Ideal for repairing cracks, holes, ruts. Bonds tight to old concrete . . . right up to a feather edge.

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has sprouted large new factories at a tremendous clip—impressive newcomers like Frigidaire, Link Belt, Listerine, Acme Steel, Lucas-Rotax and Rootes Motors of Britain, Wallace & Tiernan. Or they can take you westward on the Queen's highway.

II. . . . Or Hamilton

As you leave Toronto on the Queen Elizabeth Way, there's a solid five-mile block of new one-story factories, along with some bigger ones. More will be going up soon: For 10 miles, both sides of the road have been zoned for industry and most of the acreage is sold. Then there's a more-or-less dead area of farmland until you approach Oakville, where Ford of Canada's monster assembly plant (32½ acres under one roof) may eventually be the nucleus of a community of 15,000 persons.

Beyond a few other plants in Oakville, there's little sign of the industrial revolution until you arrive at Burlington township. There, a billboard announces that Studebaker of Canada, based at Hamilton, has bought a 190-acre site for an assembly plant. Slowly but surely, the Hamilton cluster of industry is spreading eastward, to join the outcroppings of Toronto.

• **The Anchor**—Hamilton is the heavy-industry anchor of Lake Ontario's burgeoning industrial row. It's the steel center of Canada; right now Steel Co. of Canada, Ltd., and Dominion Foundries & Steel, Ltd., are in the midst of a \$100-million-plus expansion. Hamilton is also the textile capital of Ontario; and it boasts big plants like International Harvester, Westinghouse, National Steel Car Corp., and Studebaker.

Much of what can be said for Toronto can also be said for Greater Hamilton, though on a smaller scale (population is just 259,685, compared with Toronto's 1.1-million). It's in the middle of the southern Ontario market, and it's well situated transportwise (Hamilton harbor is one of the biggest in Canadian lake port tonnage). There's skilled labor, and plant sites are available.

• **Ready and Waiting**—Hamilton wants to diversify. It envies Toronto's broad industrial base, hopes to lure secondary light industry such as food-processing and clothing. There's a large store of semiskilled and unskilled labor.

While there are wide-open spaces for industrial expansion south of the city toward Niagara Falls, many newcomers want to be between Toronto and Hamilton—so Acting Industrial Commissioner Jack Moore is likely to take a prospect out the Queen Elizabeth Way toward Burlington. One of the big problems in moving either east or south of the city is the lack of serviced land for plants—a shortage of sewers and water mains.

It will take time, Moore points out, for the small communities along the Lake Ontario shoreline to build up facilities to support big new industry.

• **Keeping Up**—Lack of serviced land is just one of the growing pains of Ontario's industry row. Housing is another. Ontario provincial officials say that so far housing has pretty well kept pace with industrial expansion, but it's a touch-and-go race. The population of the Lake Ontario crescent is now around 1.7-million; at the present rate of growth, it will be 2-million by 1961.

Ontario will need that population growth, however. Even now, the area is near the bottom of its labor barrel. It's keeping pace only because the area grows as fast as any other part of Canada, thanks to the movement from farm to city and the fact that half of all Canadian immigrants come to Ontario. Provincial officials have their fingers crossed that the immigration will continue. Meanwhile, for businessmen, the tightening labor market means sharp competition for skilled workers.

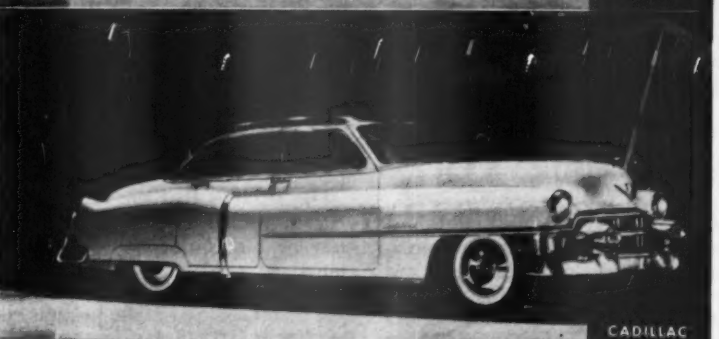
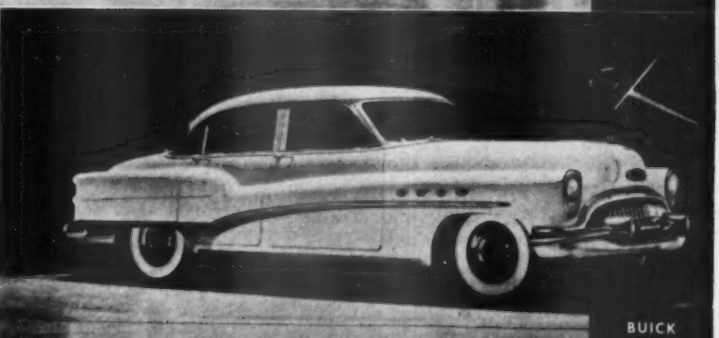
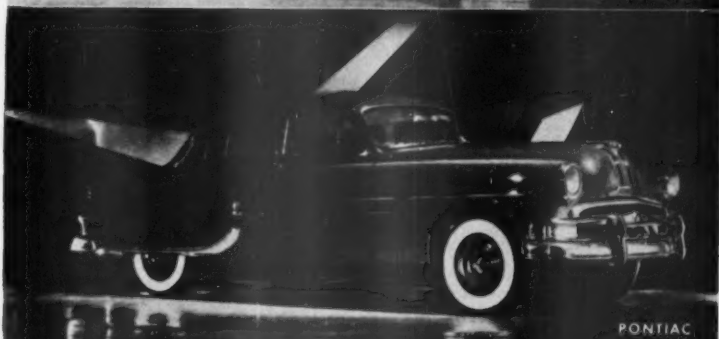
As long as Canada's economy holds to its bounding gait, and new people and new capital keep coming to Ontario, Canadians feel the sky's the limit for the lakeshore. There's the St. Lawrence Seaway, which holds great promise in transport and hydro power, plus the hope of pipelines-ful of natural gas coming either from the U. S. or from Alberta.

CANADA BRIEFS

Penny mining stocks had a field day in Toronto last week; trading hit 12.3-million shares for the busiest session in the Stock Exchange's 100-year history. Much of the excitement centered around a base metals find near Bathurst, New Brunswick.

• **Canadair, Ltd.**, Montreal's aircraft manufacturing subsidiary of General Dynamics Corp., New York, took over management of Fleet Manufacturing, Ltd., Fort Erie, Ont. Fleet will act as subcontractor, supplying parts for the Sabrejet, which Canadair makes under license. There's no change in Fleet's ownership.

• **Auto smugglers** are netting as much as \$1,000 a car by evading Canadian customs along the New York-Canadian border. Canada bans import of used cars, slaps 42½% in taxes and duties on new cars entering the country. Smugglers buy a wrecked car in Canada; then a U.S. confederate drives a similar model to Canada on a tourist permit. There, registration papers are switched, and the U.S. contraband sold.



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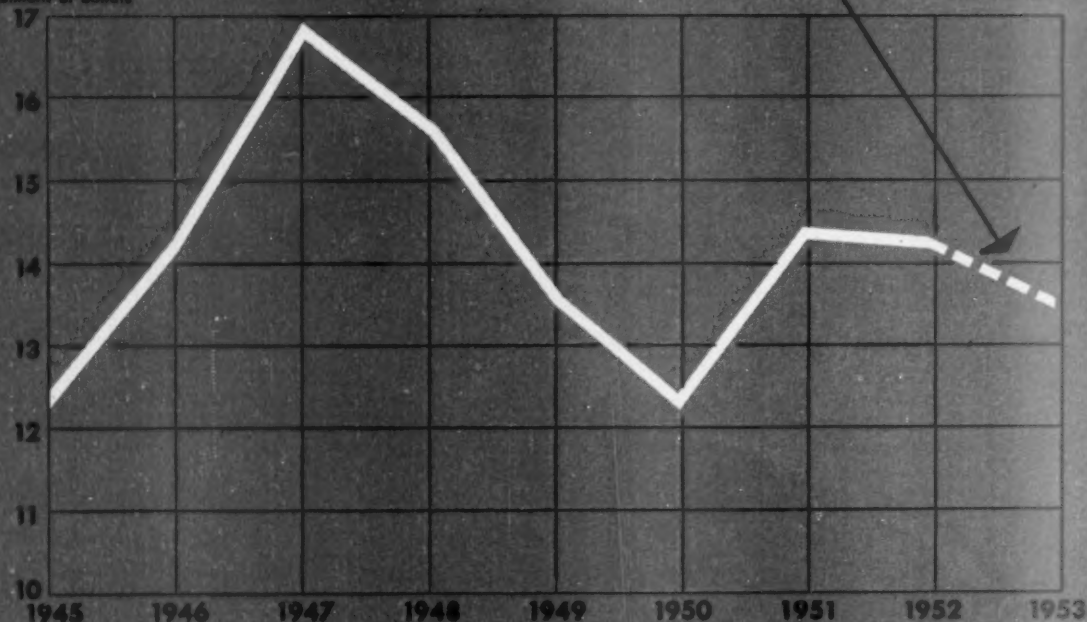


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SOURCE: Bureau of Agricultural Economics

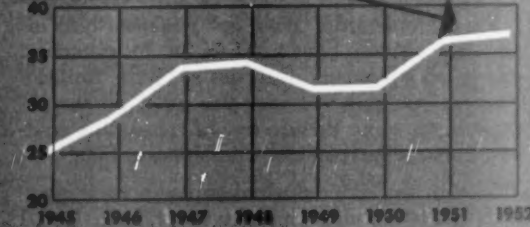
Costs Are Rising, so...

PRODUCTION EXPENSES
billions of dollars



Despite Higher Gross Income, It...

GROSS FARM INCOME
billions of dollars



...ALL ADDS UP TO...

A Less Prosperous Farm Economy

(Story continues on page 66)

WHY

is making sponge rubber like baking a cake?



A key ingredient in both is a product you probably have right now in your kitchen cabinet at home . . . Bicarbonate of Soda, also known as Baking Soda.

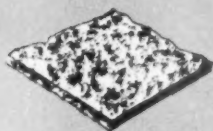
In both sponge rubber manufacture and cake baking, the bicarbonate combines with an acid to form carbon dioxide gas. Heat causes the gas to expand and, since it can't escape freely, the rubber or cake "batter" rises, resulting in a light, spongy texture.

In sponge rubber stearic acid is used; in cake baking it is lactic acid that is present in sour milk, or tartaric acid in cream of tartar.

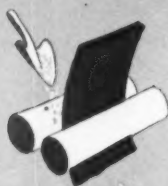
Sponge rubber is employed for toys, arm rests in automobiles, weatherstripping, rug backing, etc. Through the addition of Columbia-Southern pigment "Calcene" to the compound, white or colored sponge rubber can be produced.

Bicarbonate of Soda plays an important part in many other products, too, and especially in the preparation of various drugs. It is one of the numerous chemicals produced in large volume by Columbia-Southern, one of the nation's leading manufacturers of alkalis, chlorine and related chemicals.

HOW A SPONGE RUBBER BALL IS MADE



FIRST, rubber is prepared in sheets like these. It can be either the natural or synthetic product.



THEN the rubber is milled and dry ingredients, including Bicarbonate of Soda are added.



NEXT, a small ball of the compounded rubber is placed in a mold the size of the finished product.



WHEN heat is applied the "batter" rises, just like baking a cake, and there is your rubber ball.


COLUMBIA-SOUTHERN CHEMICAL CORPORATION

SUBSIDIARY OF PITTSBURGH PLATE GLASS COMPANY

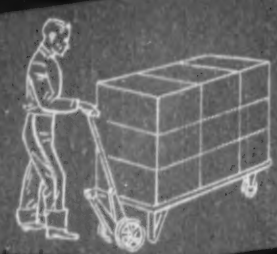


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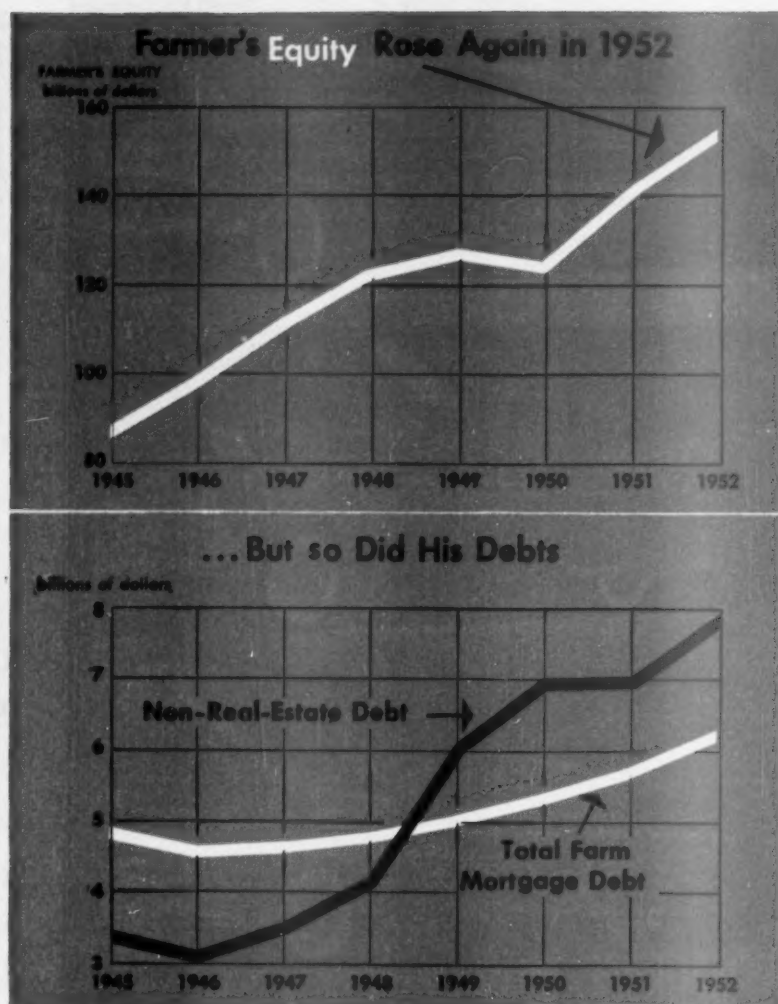
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Will He Buy Less in 1953?

(Story starts on page 64)

Farmers have had it good over the past few years. But this year they seem due for a setback. If the forecasts are correct, farmers' net income in 1953 is going to drop off about 5%.

Farmers won't be alone with their troubles. The dip will affect the businessman whose livelihood is tied in with farming—makers of farm machinery, producers of fertilizer and seed.

Nor will the effects stop there. For the farmer is also a consumer. The farm market for consumer products is an important one. If its earnings dip this year, manufacturers will sell less clothing, fewer radios and shower curtains.

• **Dwindling Net**—Just what's involved in this 5% dip in net income? Mainly, it's a matter of lower earnings and higher costs.

Farm prices have been falling off (see chart, page 64). They've dropped about

12% in the last year, and now average about 18% below what they were two years ago. A good many commodities have dropped spectacularly: Cattle prices, for example, are averaging only a little better than 25¢ per lb., compared with 34¢ a year ago. Spot cotton was bringing 42¢ a lb. a year ago and is now bringing about 32¢. That kind of drop hits hard. It means some \$100 less per animal, \$50 less per bale.

At the same time, prices of the things the farmer buys to run his farm—equipment, gasoline, seed, fertilizer, and other supplies—have either stayed high or actually gone up.

The result is that the farmer's net—what he has left to spend either on his farm or for consumer items—has declined.

• **Roller Coaster**—Farmers figure they may now be back on the postwar slide that began in 1948, but was arrested by



MAKING "SAFETY RULES"

EASIER TO SWALLOW

Safety is a full-time job in modern industry. Businesses employ experts to eliminate hazards. They spend long hours teaching the proper use of equipment. They hold safety campaigns and award prizes.

It might seem as if all the bases have been covered. But the safety story can't be told too often. So Continental, which makes the hot-drink cups used to feed workers in many plants, came up with an additional idea.

That is, to use these cups to put across safety messages at meal or snack time when the worker is relaxed, refreshed and receptive. As you can see from the sample shown here, these messages—delivered by a character called "Oscar the Lifeguard"—are brief and good natured, yet right to the point.

Workers see them, talk about them, act on them. Today, a great many of Continental's customers have made printed "safety cups" a small but highly effective part of their continuing safety programs.

This is not one of Continental's most important contributions to industry. But we thought you'd like to know about it as an example of the way we keep our eyes open to be of ever greater service.

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PAPER CONTAINERS



STEEL PAILS AND DRUMS



CAPS AND CORK



DECORWARE



SERVING INDUSTRY...SERVING AMERICA

You are always close to Continental Can with its 65 plants in the United States, Canada and Cuba, 17 field research laboratories and 63 sales offices.

"... figure that it won't be long before farmers slow down on buying..."

FARM ECONOMY starts on p. 64

the Korean outbreak in 1950. Their all-time high net income was the \$16.7-billion they earned in 1947. By 1950 their net was down to \$12.3-billion—a drop of about 25%. The price boom that followed Korea boosted their net up to \$14.3-billion in 1951. Estimated net for last year was off slightly, to \$14.2-billion. The forecast for this year is a decline to around \$13.5-billion.

• **Debt**—Also figuring into the picture is the farmers' debt and equity situation. This, however, is a lot less serious than it seems at first glance.

True, both mortgage debt and non-real estate debt have been rising every year since 1946 (see chart, page 66). But there are at least three extenuating factors:

- Owners' equities are at all-time highs.

- Farm mortgage debt is only about 7% of the value of farm real estate, compared with 19% in 1940.

- Cost of carrying these mortgages is estimated at only 1% of farmers' gross sales.

The pattern of the farmer's debt situation is clear. After his ample supply of post-World War II cash dwindled, he went into debt buying a lot of farm and consumer items. This he could easily do because his credit situation was well above par.

• **Buying Habits**—To the businesses supplying the farms, the farmer's financial problems are interesting mainly because of the effect they might have on his buying habits. What, specifically, is this year's 5% drop in income going to mean?

Some farm experts figure that it won't be long before the farmers begin to slow down on buying. Farmers proved during the 1930s that if they have to, they can get along without spending any money at all. And farmers are now so well stocked with equipment, this line of reasoning goes, that they could stop all kinds of buying and get along fine for several years.

But the majority of farm forecasters—in private industry as well as government—see no reason why the farmer shouldn't sail right along with his buying, pretty much as the rest of the consumer and business population is expected to do. Employment is high, this school argues; so are wages, consumer savings, production of industrial and consumer goods, and government spending. And all are expected to continue high—at least for a while. These forecasters don't figure that key prices will

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SUNICUT 11-S for medium duty on automatic screw machines

SUNICUT 209-S for heavy duty on automatic screw machines

2 SINGLE-PURPOSE OILS (cutting only)

SUNICUT 102-S for heavy duty on automatic screw machines

SUNICUT 110-S for heavy duty service in broaching, threading, gear cutting, heading and similar applications

All four oils keep parts and tools cooler, help maintain closer work tolerances, permit longer runs between tool dressings. All are odorless and light in color. In addition, Sunicut 11-S and 209-S have high lubricating value and are nonstaining.

For your copies of technical bulletins describing these new oils, call the nearest Sun office or write **SUN OIL COMPANY**, Philadelphia 3, Pa., Dept. BW-2.



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introduction of totally new ones—of which the sports items shown are typical.

For full information and your free copy of the new booklet on PLIOLITE S-6B, write:

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Resin-reinforced shoe soles wear well under all types of severe conditions—are preferred by manufacturer and consumer.



Essential flex-fatigue properties improved nearly 250% when inflated balls were given leather-like reinforced rubber covers.



Tough, durable reinforced grips won't rot from absorbed perspiration—cling to the hand with a smooth, pleasant feel.

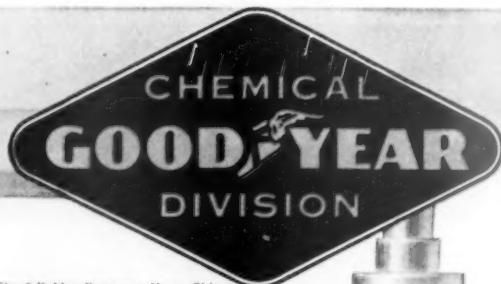


Improved resistance to cutting, better adhesion between cover and winding and lower cost were all gained with reinforced golf ball covers.

FREE BOOKLET —



get all the facts
on PLIOLITE S-6B!



Chemigum, Pliobond, Pliolite, Pliovic—T.M.'s The Goodyear Tire & Rubber Company, Akron, Ohio

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We think you'll like "THE GREATEST STORY EVER TOLD"—every Sunday—ABC Radio Network—THE GOODYEAR TELEVISION PLAYHOUSE—every other Sunday—NBC TV Network

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save money...build markets
overnight by using

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These are not isolated cases. Thousands of firms—throughout the world—are now using air freight because it actually saves them dollars and cents. The new giant Douglas air transports now operating on leading airlines offer greater freight capacity and more frequent service than has ever before been available to business.

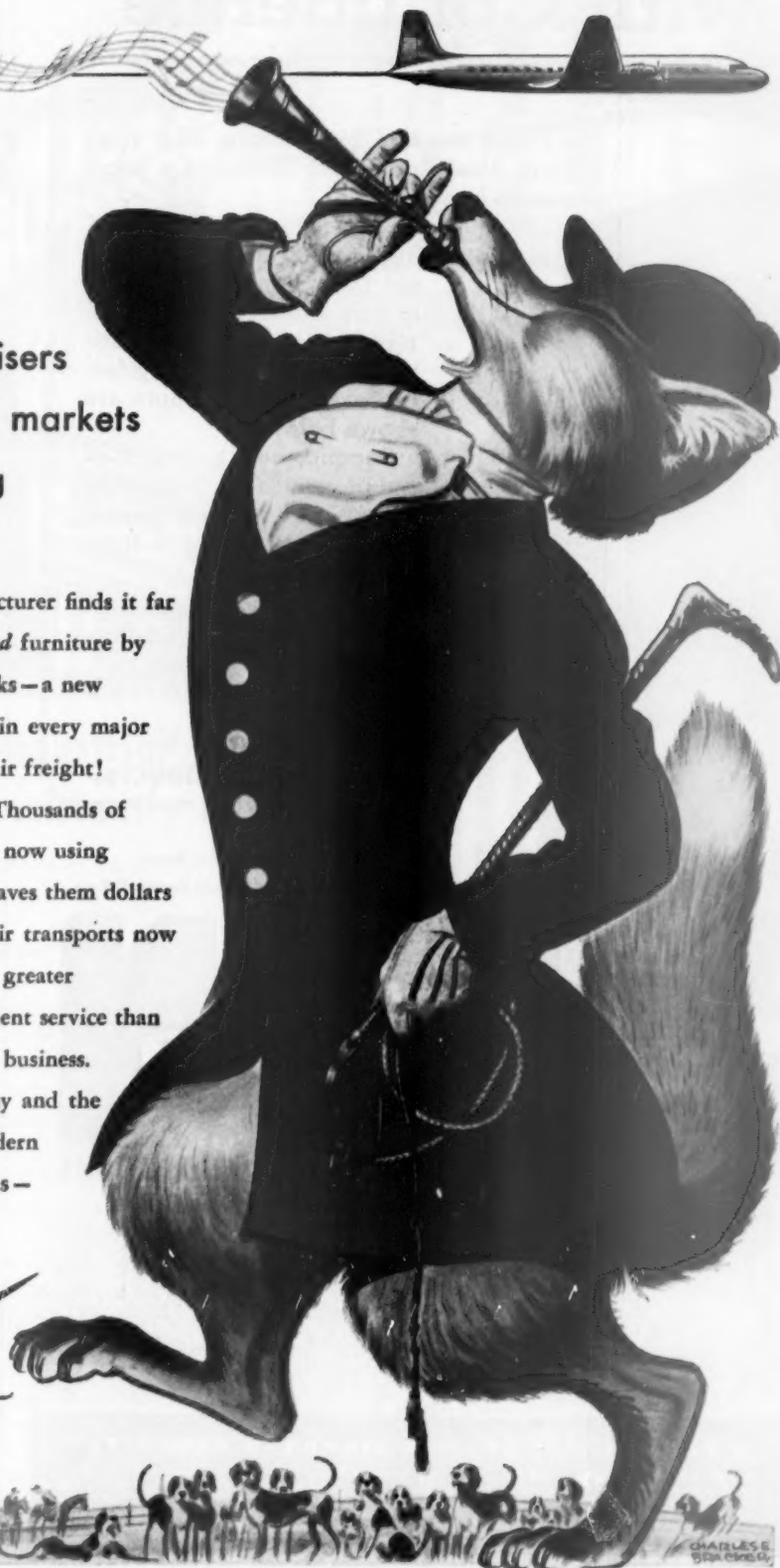
Vital to America's defense economy and the expanding use of air freight, this modern airlift is available because Douglas—as always—*looks ahead!*

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**"... some of the smaller
farm machinery people are
frankly worried..."**

FARM ECONOMY starts on p. 64

go much lower: Grains and cotton will hold up because of mandatory price supports, livestock because of supply-demand factors. In other words, they view the probable 5% drop in farm income as merely an adjustment, a ripple in the cycle, not as a signal that the edge of the precipice is near.

• **Suppliers**—The big Chicago farm machinery manufacturers can be counted in with these more optimistic forecasters. Generally, they think their business will be off as much as 10%, but they blame only part of this drop on the expected decline in farm income. The other reason: There was a good deal of forward buying of farm equipment last year because of the threats of shortages and price increases. Some of this buying was at the expense of this year's sales.

The Chicago companies generally do not feel that there'll be any market saturation to hurt their sales. Farms are becoming increasingly mechanized, not only because that is a natural trend, but also because the growing farm labor shortage creates a demand for up-to-date machinery; there are fewer people working fewer, but larger, farms.

Of course, if farmers don't have the money, they simply won't buy the new tractor. They'll make do with the old machine for another year. Still the increasing shortage of farmhands makes modern, efficient machinery more important than ever. Machinery grows obsolescent in a shorter time than it did before the war. All of the Chicago companies are planning aggressive sales campaigns this year—and they'll talk a lot about obsolescence and efficiency.

• **"It Has Hurt"**—Outside of Chicago, however, some of the smaller farm machinery people are frankly worried. Says a St. Louis manufacturer of the dip in farm income: "It definitely has hurt. It has curtailed the buying. The farm machinery business is off. I can't tell you what percent, but it's off pretty heavily."

Minneapolis reports that farm equipment sales are off noticeably. One sales manager declares: "Farmers still have money in the bank, but they're stalling on buying this year." His reasons: Farmers are waiting to see what the new Administration is going to do about sagging commodity prices; they think that equipment prices will drop because their prices received for crops have slumped; they're not worried about delivery as in the past.

• **Consumer**—When a farmer finishes



Satisfied users of industrial fabrics keep these mills consistently busier

Wellington Sears leadership in duck and other heavy duty cotton and synthetic industrial fabrics is based on many things—but one of the most significant is pictured in the chart.

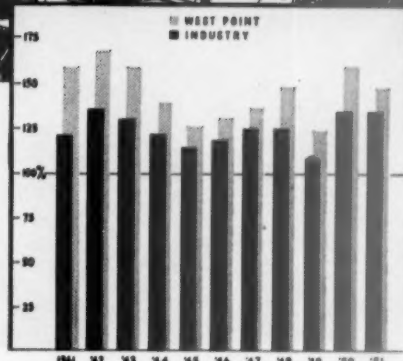
It shows the spindle activity of our parent mill organization, the West Point Manufacturing Company, as compared with the textile industry as a whole—a production rate that has been consistently higher.

If you are a user of industrial fabrics you will see more in these figures than good mill management and good labor relations.

You will recognize the stability that comes from diversification—assurance to you, incidentally, of the right construction for each use. You will see an efficient operation that keeps prices competitive. You will see continuity—which means on-time delivery of the fabric when you need it.

You will see the intelligent use of experience which makes the oldest and largest also the busiest producer of industrial textiles.

So the next time you order fabrics, pick up the phone and call your Wellington Sears man. He'll prove to you that even in the same "standard constructions" there's a big difference between industrial fabrics; and the best of them come from Wellington Sears.



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WEST POINT vs. THE TEXTILE INDUSTRY*
 100% = 80 HR. WEEK

*Source, U. S. Department of Commerce

Wellington Sears has prepared an illustrated 24-page booklet filled with valuable facts on fabric development and applications which will be of interest to present and potential users of industrial fabrics. Write for a free copy of "Modern Textiles For Industry" to Wellington Sears Co., Dept. G-4, 65 Worth Street, New York 13, N. Y.

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• There are two big reasons why your Lyon Steel Equipment Dealer is a good man to know.

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- Metal Cases
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- Tool Room Equipment
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- Kitchens
- Signage Equipment
- Post Drawer Files
- Revolving Benches
- Wood Working Benches
- Palleting Cabinets
- Folding Chairs
- Work Benches
- Bench Drawers
- Service Carts
- Sorting Files
- Drawer Units
- Tool Molds
- Hopper Benches
- Shop Boxes
- Tool Trays
- Shop Desks

"... the falling off in farm income has been felt—but only in spots ..."

FARM ECONOMY starts on p. 64

buying equipment, he starts buying consumer products. What do businessmen in the consumer fields expect of him in 1953? Here's a roundup of opinion, gathered by BUSINESS WEEK reporters from some big U.S. farm-area cities:

Boston: "Farmers are getting slow to buy here, and for the last six or eight months have been increasingly slow to pay. New England farmers did have a falling off of net income in late 1952, and the taper is expected to continue well into this year—particularly in poultry and dairy farming."

San Francisco: "Maybe the farmer made less money last year, but that was in comparison with a peak year. Farm income is more or less leveling off, but the farmer is still making a good profit."

Chicago: "According to the Federal Reserve, outlook for farm income is about the same for 1953 as it was in 1952. If it's down, it's down only a little. And 1952 was down only slightly from 1951."

Minneapolis: "It does appear that farmers will become more conservative in their buying. Luxury items will be the first to be postponed. Merchants report evidence of that in the major appliances. For example, freezer sales to farm areas are off noticeably."

Kansas City: "The falling off in income seems to be pretty much confined to livestock farmers. This is ascribed to a record number of cattle in the herds and last year's drought."

Atlanta: "The Federal Reserve sees nothing at present to indicate that 1953 won't be another good year on the district farms. It says that if normal weather prevails, farmers will be able to maintain the high level of production they achieved in 1952."

Houston: "Car sales to farmers here are going well, a local Ford dealer reports. Farm implements and trucks are also selling well. Merchants doing business primarily with farm groups expect 1953 to be an 'average year'."

Cleveland: "Merchants catering to farmers are hopeful, but realize they are going to have to do a better selling job than has been the case since 1946."

• The U. S.—Perhaps the nationwide situation is best summarized in this report from St. Louis: "The falling off in farm income has been felt—but only in spots. Farm equipment distributors and feed dealers say it is very noticeable. But department stores, mail order stores, and the like, which should be feeling it too, say they are not."

DEPENDABLE steam, the modern way!



CLEAN, CONVENIENT!

This view of Upjohn's firing aisle shows how clean and convenient coal can be when handled and burned the modern way. The stoker hoppers are fed from an overhead bunker. A 2-ton capacity weigh larry serves all boilers.

The ash handling is fully automatic. Traveling grates continually discharge ashes into hoppers below the floor of the firing aisle.

The 3 boilers shown, plus a fourth recently installed (not illustrated), supply all Upjohn's steam needs.

• Whether you're building a new plant or modernizing an older one, you can count on coal for dependability and low-cost operation.

Here's why: Up-to-date coal-burning equipment can give you 10% to 40% more steam per dollar. Automatic coal- and ash-handling systems can cut your labor cost to a minimum. Let a consulting engineer show you how a modern coal installation, tailored for your specific needs, can save you real money.

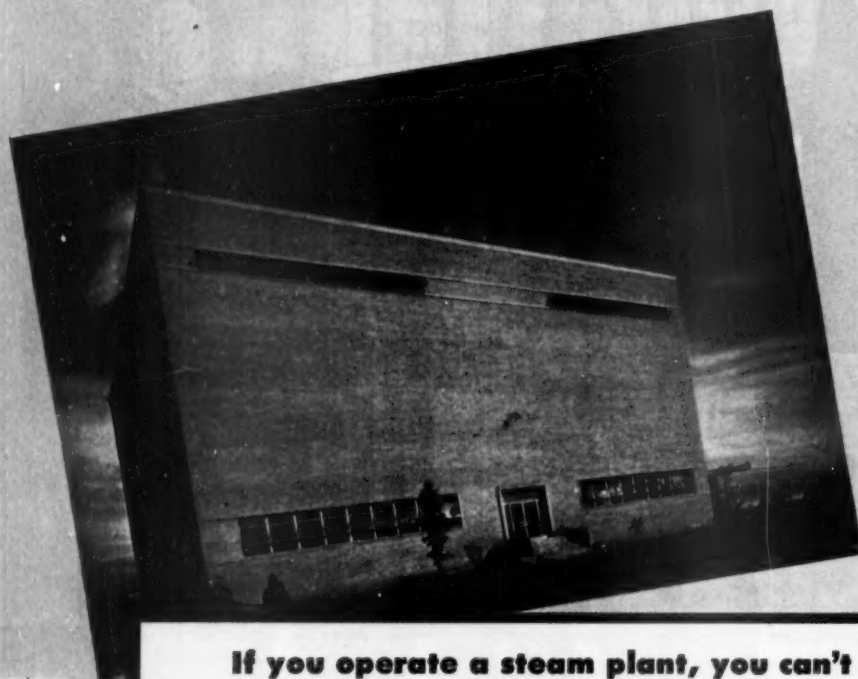
Here's something else, too—of all fuels, coal alone has virtually inexhaustible resources. This, plus the fact that America's coal industry is the most efficient in the world, assures you of a dependable supply of coal at relatively stable prices now and for years to come.

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UPJOHN'S new pharmaceutical plant which includes units for production of penicillin and cortisone, as well as some 700 other pharmaceutical products, relies on coal for dependable steam.



This ultramodern boiler house supplies steam, cleanly and efficiently, at only 40¢ to 42¢ per 1,000 lbs. It delivers 115,000 lbs. per hour at peak load for the Portage Road Plant near Kalamazoo, Michigan.

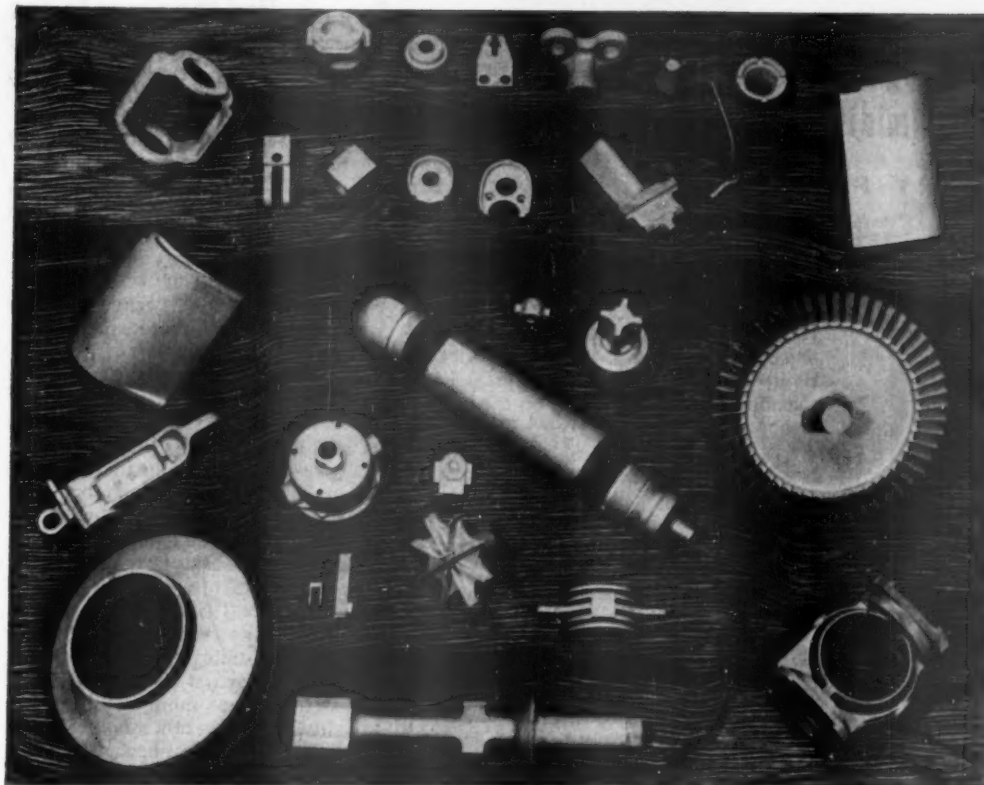
There are no dust or smoke nuisances, thanks to the dust collecting and cinder re-injection system.

For both efficiency of operation and economy, you just can't beat coal burned the modern way!

**If you operate a steam plant, you can't afford
to ignore these facts!**

- COAL** in most places is today's lowest-cost fuel.
- COAL** resources in America are adequate for all needs—for hundreds of years to come.
- COAL** production in the U.S.A. is highly mechanized and by far the most efficient in the world.
- COAL** prices will therefore remain the most stable of all fuels.
- COAL** is the safest fuel to store and use.
- COAL** is the fuel that industry counts on more and more—for with modern combustion and handling equipment, the inherent advantages of well-prepared coal net even bigger savings.

**FOR HIGH EFFICIENCY
FOR LOW COST**



Inco-Cast precision investment castings offer a practical way to make a wide variety of difficult to-machine shapes including: thin vanes, wing sections, non-critical gear teeth, slots and threads.

How you can save up to 50%...on small parts

With Inco-Cast precision investment castings, others are saving as much as 50 percent of the production cost on small parts.

Perhaps you can, too. If you need small parts with complex internal sections, shallow blind holes, unmachinable cavities or other shapes that are costly to make, it may pay you to investigate precision casting. For precision casting lends itself to economical production of intricate shapes where tolerances as close as .005" per linear inch are needed.

Inco-Cast precision castings not only save you money—they make it possible for you to use extra strong and harder alloys for longer service life...

- You can reduce your machine shop bottleneck because they require little or no machining.
- They make possible the use of hard-to-machine metals.
- In many applications you can get parts made by precision casting that

would be impossible to make by other methods.

- Frequently it's even possible to simplify your designs when you use precision castings.

If you have a problem with a part whose cost of production seems out of line — if it's a shape where a single casting might eliminate many machining operations — if you have a design that cannot be worked out economically — just send a blueprint or actual sample with an estimate of the quantity needed.

Inco casting specialists will analyze your problem and, if precision casting is a practical solution, they will give you an estimate of costs and their suggestion on the best alloy to use.

In the meantime, for more detailed information about this money-saving process, write for your free copy of "Investment Casting—Its Advantages and Practical Applications."

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Alloy Steels
Tool Steels
Cobalt-Base Alloys

Inco Castings PRECISION, SAND, CENTRIFUGAL



U. S. Whiskey Consumption: the top selling brands in 1952

RANK	BRAND	DISTILLER	TYPE	CASES SOLD		% CHANGE
				1952 (est.)	1951	
1	Seagram's Seven Crown	Seagram	Blend	8,000,000	9,400,000	-14.9%
2	Calvert Reserve	Seagram	Blend	3,325,000	3,500,000	-5.0%
3	Schenley Reserve	Schenley	Blend	2,650,000	3,300,000	-19.7%
4	Imperial	Hiram Walker	Blend	2,450,000	2,850,000	-14.0%
5	Corby's Reserve	Hiram Walker	Blend	2,060,000	2,400,000	-14.2%
6	PM	National	Blend	1,300,000	1,550,000	-16.1%
7	Paul Jones	Seagram	Blend	1,250,000	1,350,000	-7.4%
8	Four Roses	Seagram	Blend	1,200,000	1,400,000	-14.3%
9	Seagram's V. O.	Seagram	Canadian	1,190,000	1,150,000	+3.5%
10	Carstairs White Seal	Seagram	Blend	1,150,000	1,250,000	-8.0%
11	Old Stagg	Schenley	Straight	1,000,000	1,100,000	-9.1%
12	Early Times	Brown-Forman	Straight	975,000	950,000	+2.6%
13	Canadian Club	Hiram Walker	Canadian	960,000	910,000	+5.5%
14	Cream of Kentucky	Schenley	Blend	950,000	1,200,000	-20.8%
15	Old Sunny Brook	National	Blend	890,000	1,070,000	-16.8%
16	Old Thompson	Glenmore	Blend	725,000	700,000	+3.6%
17	Fleischmann's Preferred	Fleischmann	Blend	720,000	900,000	-20.0%
18	Echo Spring	Schenley	Straight	710,000	680,000	+4.4%
19	Old Sunny Brook	National	Straight	700,000	610,000	+14.8%
20	Park & Tilford Reserve	Park & Tilford	Blend	660,000	800,000	-17.5%

FIGURES HERE WEEK 1

Whiskey Sales Off—Except for Straights

Last year was a poor one for the whiskey business. The industry says that over-all sales volume slipped 8% to 10% from 1951. As BUSINESS WEEK's annual estimates of whiskey consumption by brands show, no less than 14 of the top 20 brands had losses ranging anywhere from 5% to 20% (table, above).

Taxes were blamed for most of this. When the federal taxes on whiskey were boosted about a year ago, a lot of people simply cut down on their tipping. Some switched to gin, rum, or other liquors that cost less than whiskey.

• **Inventories**—The consumer's stall had a dramatic effect on inventories of aging whiskey, which has been one of the industry's chief worries for the past several years. In May, 1952, inventories hit their record high—770-million gal. in warehouses, 250-million gal. higher than the prewar high.

Since then, new whiskey production has been limping along at the lowest rate in years. This self-enforced rationing finally had its effect, bringing down whiskey stocks from 770-million gal. to 737-million by the end of November. The whiskey people are breathing a little easier.

But they still are watching the customer warily. For not only is he drinking less but he is also drinking differently. In general, the customer downgraded his buying habits. Thus, the market for bonded whiskeys

slumped 1.8-million gal. or 18% from the year before. The higher-priced bonds were hit the hardest. Other high-priced liquors, particularly imported ones, also suffered.

• **Lone Gainers**—The straights picked up some of the business lost by the liquors in the price class above them. In fact, straight whiskeys were the only category of whiskey to gain during the past year. They increased their sales volume 2.5-million gal., about 8% better than 1951.

All this increase did not come from the higher-priced whiskeys, however. The straights also picked up business from the blends. What happened here was that the lower-priced straights and the higher-priced blends began to compete on a price basis. Blend drinkers shifted over to straights as the price came down.

The upshot for the blends was a loss of 16-million gal., about 16%.

Canadian whiskey also took a loss of about 5% in volume. However, the two leaders in this field—Seagram's V. O. and Canadian Club—actually made small gains at the expense of the less known brands.

In all, here is how the share-of-the-market scoreboard shifted:

	1951	1952
Blends	72%	68%
Straights	21	25
Bonds	7 plus	7 minus

The straights might even have done better had it not been for chaotic con-

ditions in the straight bourbon market. One factor was the large sale of many brands under private labels. Another was the heavy discounts per case offered to the trade.

The best-selling blends counter-attacked heavily with extensive promotion and advertising budgets, made possible by the fact that on the blends distillers didn't have to offer such steep discounts to dealers as they did on straights. They have been able to skim off more money per case on the blends for promotion.

• **The Blends**—It all wound up with blends holding all but one of the 10 top brand positions, but with straights making a strong bid just below. Straights nabbed four of the second 10 spots as against only two the year before.

The over-all performance of the blends made the record turned in by Joseph E. Seagram & Sons—which doesn't have a single domestic straight whiskey on the market—even more impressive.

In 1951 the trade had been amazed when Seagram held on firmly to its No. 1 position in the industry despite the downtrend in blends (BW—Jan. 26 '52, p. 142). Last year it improved its position brand-wise. It had six labels among the top-ranking 10—a gain of one over the previous year. While blends were slipping 16%, the company's dollar volume fell only about 6%—from \$744-million in fiscal 1951



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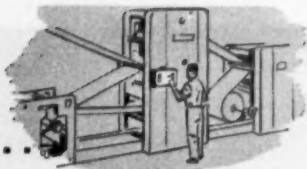
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"... bulled their way to the top in a market noted for frightening discounts . . ."

WHISKEY SURVEY starts on p. 78

to around \$697-million in 1952.

How did Seagram manage it? The trade noted that (1) its Canadian whiskey sold well, (2) its gin and Scotch sales increased, (3) its so-called "B" blends selling in the \$4 range, Kessler's and Gallagher & Burton, increased their sales. This year, the industry figures, Seagram will really push these two blends along with Carstairs, none of which has had as yet full promotional support and national distribution.

• **Losses**—Schenley Industries, second-largest distiller in the country, continued to take losses on its Schenley Reserve blend, once the nation's top seller. (Hiram Walker expects to wrest third place from this brand with its Imperial blend in 1953.)

But Schenley still offers a double threat in the strategic war of the liquor giants. Schenley is a distiller of straight whiskeys, doing more business in straights than any other house except possibly National Distillers. Schenley's straights have bulled their way to the top in a market noted for rough practices and frightening discounts.

Its Old Stagg lost some of its sales, but remained No. 1 straight in the market despite the competition. Schenley did well with Echo Spring, and it upped the sales of some of its other straights by increasing the age of the whiskey in them.

The other prong of the threat is the number of Schenley entries in the lower-priced classes of blended whiskeys. It has more than Seagram. If the trend toward straights on one hand and toward cheaper blends on the other should continue, Schenley could recover ground lost to Seagram.

Here's how other whiskey distillers fared in the 1952 campaign:

Hiram Walker had a good year despite the slide of Imperial and Corby's. Its bourbons (Walker's De Luxe and Ten High) did well; so did Canadian Club. Furthermore, its blends have good prospects this year because they are in the "B" price class.

National Distillers, with one of the longest lines of straights and bonds in the business, had its troubles. The trouble lay mainly in the expensive lines. It had to reduce the price of Old Taylor and Old Grand-Dad to meet competitive discounts.

The big threat came particularly from two fast-moving lower-priced bonds, United Distillers' J. W. Dant and Publicker Industries' County Fair, both of which are selling for \$4.49 a fifth in

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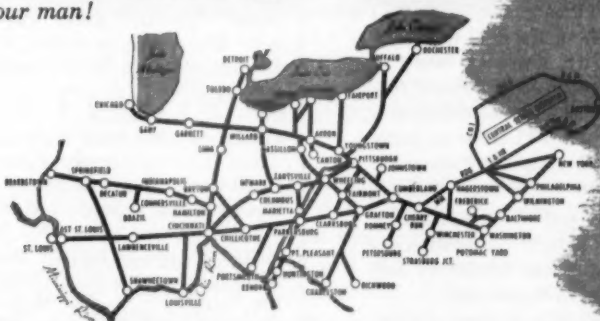


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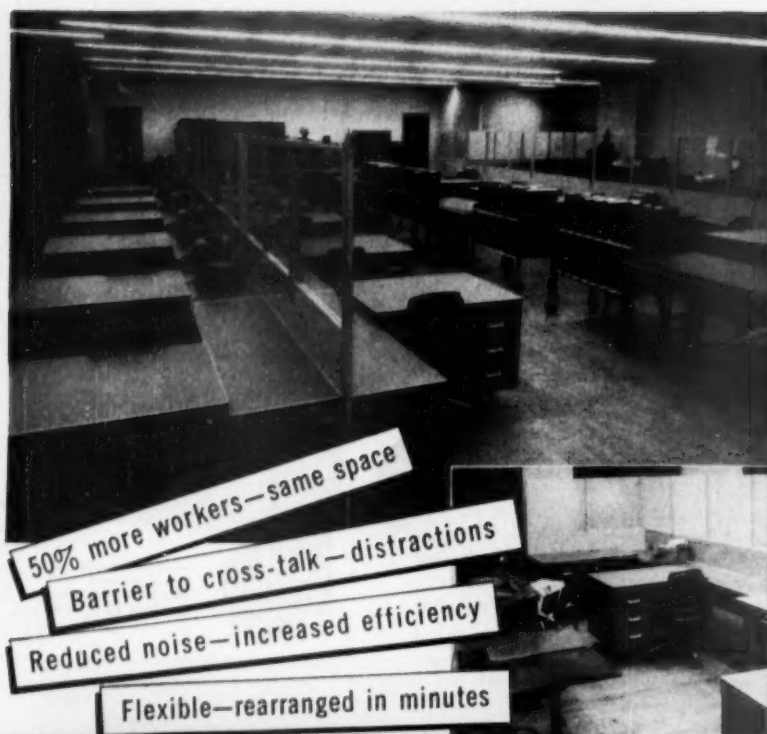
In our book, that means being cheerfully helpful—willing to give advice, to offer suggestions, to turn off routine paths in solving special problems. And backing up this "personal plus" are such special B&O features as Sentinel Service, Time-Saver Service, and a "Proper-Handling" Program. You'll like shipping via B&O. Ask our man!



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DOWN!—goes cross-office talking—noise distractions. The user's own words in the headlines state the case in a nutshell.

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arrangement to another one, to meet expansion, changing conditions!—"in mere minutes."

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Cincinnati 12, Ohio

"... the industry has two big worries — inventories and taxes ..."

WHISKEY SURVEY starts on p. 78

New York, only a few cents above the "A" blends. In many markets, either Dant or County Fair outsells any other bonded bourbon.

At the same time, National had the familiar troubles with blends and also with its higher-priced imports, particularly brandy and champagne.

Brown-Forman is capitalizing on straights. Its Early Times is crowding Old Stag for top spot nationally among all bourbons, despite a 50¢ a bottle price disadvantage. Brown-Forman is noted for aggressive promotion and advertising. Example: its sale of half-gallon bottles of Early Times in Texas billed as a "Texas fifth."

Glenmore Distilleries is making some recovery with its Old Thompson blend which went into a long slide after 1946. Its popular-priced bourbons are also doing well.

Fleischmann Distilling, subsidiary of Standard Brands, has had its hands full (1) in a tough competitive fight in the gin business and (2) in trying to get a bonded bourbon, Old Churchill, and a straight, Old Heirloom, off the ground. Its Preferred blend suffered as a result.

Park & Tilford has also had trouble supporting its Reserve blend because of the strength it has thrown behind its Kentucky Bred bourbon, which may break into the top 20 this year.

American Distilling missed making twentieth position with Good Old Guckenhimer blend this year. Like others, the distillery also had blend trouble.

Publicker Industries is another contender for twentieth spot with its Old Hickory straight. And it, too, had the usual blend troubles.

• **The Problems**—Over-all, the industry has two big worries—inventories and taxes.

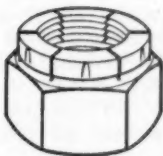
The staggering backlog of aging whiskeys has lent weight to a proposal to change the so-called bonding period. The law now reads that a distiller can hold whiskey for eight years before the federal tax comes due. Then it is paid, whether or not the stuff is sold.

One group in the industry—mainly those distillers with big inventories—wants to boost the limit to 12 years. Schenley, Publicker, and National are on this team, opposed by Brown-Forman, Seagram, and Hiram Walker.

However, the distillers are all on one team when it comes to taxes. They are readying a massive drive this year to get Congress to cut the federal tax and are hopeful that something will be done.



A FLEXLOC is the safest locknut you can use



If you ever had to replace a broken stud, you'd appreciate the value of a FLEXLOC Self-Locking Nut.

This PTC bus used to be in the shop every few days. Nuts on the rear axle flange loosened, road shocks sheared the studs. It was lucky not to lose a wheel. What a time mechanics had replacing those studs! And what a time management had making up disrupted schedules and restoring good will!

FLEXLOC nuts stopped all that. Once

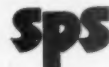
the locking threads are fully engaged, a FLEXLOC will stay put wherever you stop turning it, come what may. Yet it can be removed and reused repeatedly. FLEXLOCs are fast and easy to install, because you have no lockwashers, no cotter pins, no auxiliary locking device to think about.

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shock springs, and on equipment like dishwashers, chain saws and power looms.

Because SPS is producing five times the number it did in 1950, you can now get FLEXLOCs in any size and quantity you want. If your favorite industrial distributor or automotive jobber doesn't have them yet, write SPS, Jenkintown 57, Pa.

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You're driving along on light-colored concrete at night. Suddenly you pass onto a dark pavement. Your heart leaps. You can't see. Are your headlights out?

You slow down. You're thankful nothing happened in those few seconds of blackout.

You're driving on a wet, dark-surfaced road. A child darts out. You slam on the brakes but the wheels don't grab. Your stomach falls as you skid helplessly.

It's a relief to get on concrete again. You know its gritty surface will grip your tires and hold, wet or dry.

Concrete's high light reflectance and skid resistance make it the safety pavement. In Georgia a study of accidents due to road conditions on 2115 miles of federal routes showed there were 2.38 times as many accidents, 3.25 times as many deaths, 4.11 times as many injuries and 4.02 times as much property damage on the other most commonly built pavement as on concrete.

Making concrete an even safer and better pavement is the continuing job of Portland Cement Association engineers and scientists, working in the laboratory and in the field and with other interested agencies.



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MARKETING BRIEFS

Chesterfield cigarette advertising took it on the chin from National Better Business Bureau. Claims by Liggett & Myers that Chesterfields don't irritate the nose and throat are misleading, the bureau says. Its findings are essentially the same as the Federal Trade Commission's charges against the company (BW—Nov. 8 '52, p. 50).

To spread sales out around the year, General Electric offers to early-bird buyers special prices and easy terms on its packaged air conditioning for stores, restaurants, offices, and industry. Buy in January or February, pay when hot weather comes—and take two years to do it—is the plan.

Sport shirts gave dress shirts a licking last year—by 168-million to 72-million, National Men's Fashion Committee estimates. Dress shirt manufacturers hope to counter the trend by fancying up their own products with open weaves, new fabrics.

Brooklyn Dodgers have a two-way merchandising package: The baseball team will license manufacturers of bread, milk, cereal, and the like, to use a Dodger seal on their packages and promotion; and it will license manufacturers of clothing, toys, books to use the Dodger name. Proceeds from the plan will go to the Brooklyn Amateur Baseball Foundation.

Man-made fiber output in 1952 in the U.S. was 7% below 1951's record production, the Textile Economics Bureau reports. Acetate fell 23%. But the newer "growth" fibers, the noncellulosic fibers such as nylon, Orlon, and Dacron, were up 24%. Cotton was off, too, by 9%.

Charge-it-to-the-bank deals are growing. Three Chicago banks—Pullman Trust & Savings, Standard State, and State Bank of Blue Island—next month will offer a service that lets individuals charge for goods bought at the stores that are in on the plan. Merchants pay the banks 5% to 6% of the sales for the service; the customer pays no service fee.

44% of home radio owners have two or more radio sets, says A. C. Nielsen Co. Roughly 44-million homes have some 70-million radio receivers. In addition, 17.7-million TV receivers are in operation. Of the 33.6-million car-owning families, 67% have at least one car radio. Families with three or more radios are more apt to have TV than families with only one radio.

know you have assigned their bills. In many industries, this might be considered a sign of weakness, both by your customers and by the suppliers who extend you credit.

If you select a factor, you can also get your money in advance. More important, the factor (for an extra charge) will take over the credit risk; the only thing you can be stuck for is if customers decline to accept merchandise. The factor, however, has to pass on the credit rating of each of your customers before you can take the customer's order. Your customers know what you are doing, because the factor has them pay their bills to him.

These two types of financing are easy to confuse. Some concerns that are primarily finance companies do some factoring, either directly or through subsidiaries. Some companies that are primarily finance companies use the word "factor" in their corporate titles.

• **Textile Trade**—The origins of factoring are embedded deep in the textile industry. It has also proved successful in furniture and shoes. For factoring to be useful in other fields, two things must happen: You as a businessman must want credit insurance, and the factor must have enough credit information in this field to be able to estimate credit risks. As a practical matter, if you use factors often, your customers must be agreeable and, in a measure, your suppliers.

Commercial finance companies are much younger than factors, but have spread a lot further. People in the trade say that commercial financing didn't come into its own until the federal Assignment of Claims Act of 1940. This made it legal, for the first time, to borrow on the security of a federal contract. That gave new respectability to assigning one's receivables.

• **Many Fields**—This type of financing is used in a great many fields where there are large numbers of small businesses, including home appliances, hardware, plastics, drugs, paper, food products, paint, wallpaper, and leather. The total volume of financing is sizable, but difficult to separate from the parallel secured loans made by commercial banks. According to estimates by the National Conference of Commercial Receivable Companies, Inc., the volume of this type of financing by all lenders was about \$2.5-billion in 1941, and \$6.4-billion in 1952. It's estimated that 20 old-line factors in New York City (where nearly all of this business is done) handled a volume of about \$3-billion in 1952. The rest were receivable-secured loans made by finance companies and banks. Estimates are

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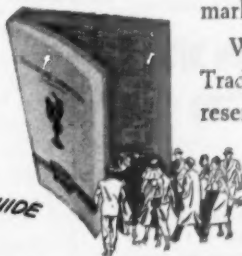
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FINANCE

Commercial Finance Companies Boom

The companies that lend small corporations money on the security of their receivables expect 1953 will be their biggest year yet.

Today's tremendous corporate demand for cash has done a lot to bring forward a specialized type of financial institution—the commercial finance company. Now that commercial banks are pretty well loaned up, these commercial finance companies are making records, too. They are out to get business, as a sampling of their advertising shows (above).

They get into the act as specialists in lending on the security of receivables, particularly to small businesses. Sometimes this is part of a consumer-finance operation, but more often the commercial finance companies lend solely to business. Occasionally, they lend on the security of inventory, or purchase of machinery. But receivables are what they concentrate on.

• **Demand**—People in this business expect that 1953 will be the biggest year in their history. You'd expect them to say this; it's part of their sales approach. But they can back up their claims. Current ratios and cash positions of many U.S. corporations are lower than they have been for many years (BW—Aug. 2'52,p97). Higher operating costs and

higher income taxes are partly to blame, plus the fact that many businesses have increased sales without adding much capital.

Even though the ratio of current assets to current liabilities may look impeccable, many a small business is constantly pressed for cash to discount bills from suppliers—and often needs funds for other purposes to keep things rolling on an expanding scale.

The first thing a businessman in this position of embarrassing prosperity does is ask his bank to increase his line of unsecured credit. But the very fact that he isn't very liquid leads the bank to refuse.

A possible course then is to get the bank to take his receivables or inventory as collateral. But this takes a lot of book work; many banks aren't set up to handle it even though they could charge higher interest on such loans.

Raising more capital would be a fine solution. But most businesses that aren't well known have a hard, expensive time selling debt securities or stock. And in many closely held concerns, management doesn't want to dilute

control, especially when it may be uncertain how long the present boom creating the need for new capital is going to last.

• **Receivables**—Right there is where the "secondary banker" enters the picture. He lends you money, secured by your receivables. In other words, for a higher interest rate than that on an unsecured bank loan, you can turn your receivables into cash. As your customers pay their bills, you automatically turn the money over to the finance company, reducing the balance of the loan. In addition to the interest charge on money advanced you, there is also a service charge—a percentage of the receivables involved.

If yours is a seasonal business, you may be in and out of debt as your customers pay their bills. Or you may keep up a running account all year round.

• **Factoring**—You have two major choices in borrowing on your receivables: You can do it by getting a loan secured by your receivables from a finance company. Or (in industries like textiles, furniture, and shoes, where the practice is accepted) you have a factor actually buy the receivables from you.

The finance company gives you your money without delay. If you wish, the company will handle collections. But this involves letting your customers



A quarter-inch of toast

The name of the man who first charred the inside of a whiskey barrel is lost in history. But as it turned out, he gave us the priceless key to aging fine whiskey.

You see, in charring a barrel, a thin layer of reddish-brown wood is formed underneath the char — not burned, just toasted. The aging action centers here. It is this quarter-inch of toast that is essential in giving the whiskey its gleaming amber color, heady bouquet and mellow smoothness.

Schenley trains men for years to do the vital charring job. Using split-second timing, they char the wood to the exact depth required — within a tiny fraction of an inch. The char is always uniform throughout the barrel, as it must be to age the whiskey right.

But even their skilled work is rigidly inspected. That's part of the network of quality controls which guards the goodness of Schenley whiskeys—from the time the grain is grown till —years later—the whiskey is in your glass. It's Schenley's way of making certain that you get the utmost enjoyment in every drop of every drink. *Schenley Distillers, Inc., New York, N. Y. ©1953*



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that banks do about as much of this, over-all, as the finance companies, though finance companies say the bank's proportion is declining.

• **Banker's Angle**—The banker's attitude toward commercial finance companies is complex. Obviously, he won't lend you money on your unsecured note while, at the same time, you are assigning receivables to a finance company; the new lender would actually be moving in ahead of the bank, which is unsecured like any other general creditor.

But when you go to a finance company, it doesn't necessarily make your banker sore. Commercial banks lend a large volume of money at wholesale rates to "secondary bankers," who then turn around and lend at retail rates. Often banks will refer customers to finance companies. People in the finance industry report that bank referrals have been increasing.

Though most banks don't go after loans specifically secured by receivables, a few do. Best known is First National of Boston, traditionally very close to the textile trade. First National offers both factoring and financing service. In New York and Chicago, quite a few banks do some lending on receivables. One Chicago bank that pushes this type of business says it does so not just for the high return on such loans, "but because it helps us spot companies that are going places and can become good customers of our bank."

The question of comparative cost of an unsecured bank loan and of receivables financing is one that's often discussed. Naturally, rates are higher on receivable-secured loans. There's more risk involved. For finance companies, the going rate on outstanding advances is 1/30 of 1% a day, or 12% on an annual basis.

For factors, the interest charge generally runs about 6% on outstanding advances. In addition, there is a service charge, running from about 1/4% up to around 1 1/4%, depending on what additional services are provided, and the nature and volume of the account.

Commercial-finance people take the position that you shouldn't look at what a loan costs you, but whether it increases your profits by allowing you to do a greater volume of business, take cash discounts, and seize special buying opportunities. They point out that: (1) banks usually require a borrower to keep part of his loan on deposit; (2) you have to accumulate idle funds out of collections in order to pay bank loans, while in their type of financing each collected bill automatically reduces the loan.

Unfortunately, there isn't any magic about receivables financing. It won't solve your troubles, if your lack of working capital is due to operating losses.

Rounding Out

International Shoe Co. wants to add a higher-priced shoe to its line, so it's buying out Florsheim.

Big International Shoe Co., of St. Louis (assets about \$116-million), wants to acquire control of Florsheim Shoe Co., Chicago (assets about \$18.5-million), through a purchase of outstanding stock. International's president, Edgar E. Rand, says his company wants to round out its line. Florsheim's quality shoes aren't competitive with International's products, which are mainly in the medium-priced field.

• **A Good Deal**—International, the leading U.S. shoe manufacturer, is offering \$30 a share for all of Florsheim's 417,000 outstanding Class A stock, and \$15 a share for all the Class B, of which there are about 559,000 shares outstanding.

The offer holds good if 85% of the "A" and 98% of the "B" are delivered within a month. There will be no meeting of Florsheim stockholders; offers will be accepted or rejected individually by mail. Initial offers at the same price have been accepted by Irving S. Florsheim, board chairman, and Harold M. Florsheim, president. Between them, they appear to have working control of the business through the "B" shares.

• **On Its Own**—According to Rand, Florsheim management and operating policies would remain the same. It would carry on independently, within the over-all pattern set up by the parent company.

As Wall Street got the news, the stock of Florsheim Class "A" jumped \$7 1/4 on Monday of this week to \$27 3/4. Investors in International Shoe appeared to like the deal, too, for the stock climbed \$1 1/4 on Monday—to \$40 1/4.

New York Deposits

M. A. Schapiro & Co., Inc., bank-stock analysts, keep watch on the trend of deposits of New York City banks in relation to total deposits of all Federal Reserve member banks. Their latest compilation indicates that the long-term decline in the position of the big-town banks (BW-Aug.26'50,p65) has leveled off.

According to Schapiro's figures, in 1952 the New York City banks held about 18.9% of total deposits of all member banks.

The year before that, the ratio was 18.8%, and in 1950 it was 18.9%. Back in 1940 the ratio was much higher, 30.5%.



How many of your lathes should get a gold watch?

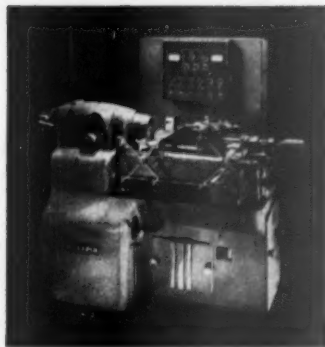
A lathe's retirement age, unlike people's, can't be determined by a set number of years of faithful service. It might be ten years . . . eight . . . or even one.

It boils down to a matter of comparison.

If you have a lathe that can't produce as much, as cheaply, as one of today's models—like the Monarch line—give it a watch! Then, for heaven's sake—*retire it!*

For today, more than ever before, operating costs are a major concern of every business. Today, higher output and low costs are real market factors—and provide the best reason in the world for wide-awake management to recognize obsolescence as an operating actuality.

Reward those tired old lathes with the gold watch of retirement. Then watch your new Monarchs make time! *The Monarch Machine Tool Company, Sidney, Ohio.*



Monarch—for almost a half-century a pioneer and leader in the development of fine lathes for production line and toolroom.

FOR A GOOD TURN FASTER . . . TURN TO MONARCH

Monarch
TURNING MACHINES



WE ANSWERED AN S.O.S. P.D.Q.

because the Tigers
flew the freight!

As told by C. K. Wilson V.P.
Canning Machinery Division
FOOD MACHINERY & CHEMICAL CORP.
San Jose, Calif.



OFFICES IN PRINCIPAL CITIES • GENERAL OFFICES: LOCKHEED AIR TERMINAL, BURBANK 9, CALIFORNIA • CABLE: FLYTIGER

FINANCE BRIEFS

Prudential Insurance Co. will have some \$650-million available for mortgage loans this year, about the same amount as in 1952, president Carroll M. Shanks reports. The Pru, he says, intends from now on to keep about 40% of its assets invested in mortgages.

Professional investors, New York's National City Bank reports, expect the Treasury to market bonds this year maturing after 1972, bearing an interest rate between 3% and 3½%.

The investment trust trade for the first time can now boast of a half-billion-dollar unit. Net assets of Massachusetts Investors Trust, nation's oldest and biggest open-end fund, totaled over \$512-million on Dec. 31 vs. only \$438-million a year earlier.

Yields continue to rise (and prices to drop) in the municipal bond market (BW-Jan. 24 '53, p. 54). Dow-Jones municipal yield index hit a 2.55% level last week vs. 2.51% seven days earlier. That's the highest point since early 1942 when there was talk in Washington about removing the tax-exempt privilege extended on municipal obligations.

For the first time since the war started in Korea, purchases of U.S. savings bonds are exceeding the amount turned in for redemption. In the first three weeks of January, the Treasury says, purchases added up to \$416-million; cash-ins totaled only \$379-million. Officials, however, aren't counting on this trend to continue. One big reason: Each month will see more and more bonds sold during World War II maturing.

A battle for control of Phillips-Jones Corp., prominent shirt maker, may soon be seen. Lester Martin & Co., N. Y. textile house, which claims it owns 81,000, or 32%, of the company's common shares, has just offered to buy another 50,000 at prices up to \$25 each. This week's open-market valuation was \$20. P-J president Seymour Phillips, however, claims that "actual and numerical control" of company "is vested in present management and will so remain."

Sinclair Oil Corp. stockholders purchased almost 94% of the \$101.8-million of new 30-year 3½% convertible subordinated debentures recently offered them. The \$6.3-million remaining were taken up by the syndicate underwriting the offer.

THE MARKETS

PRICES: The Korea Record

	PRE-KOREA	KOREA HIGH	NOW	% CHANGE FROM KOREA HIGH	PRE-KOREA
Burlap (yd.)	\$0.164	\$0.34	\$0.124	-63.5	-24.4
Butter (lb.)	.599	.85	.668	-21.4	+11.5
Cocoa (lb.)	.325	.444	.318	-28.4	-2.2
Coffee (lb.)	.485	.565	.538	-4.8	+10.9
Copper (lb.)	.225	.245	.245	+8.9
Corn (bu.)	1.51	1.98½	1.58	-20.4	+4.6
Cotton (lb.)	.338	.458	.318	-30.6	-5.9
Hides (lb.)	.258	.435	.175	-59.8	-32.2
Hogs (cwt.)	20.75	24.17	18.47	-23.6	-11.0
Lard (lb.)	.109	.20	.093	-53.5	-14.7
Lead (lb.)	.11	.19	.14	-26.3	+27.3
Rubber (lb.)	.282	.875	.295	-66.3	+4.6
Steel Scrap (ton)	37.50	41.50	41.50	+10.7
Steers (cwt.)	30.00	37.37	27.50	-26.4	-8.3
Sugar (lb.)	.058	.068	.0595	-12.5	+2.6
Tallow (lb.)	.048	.182	.046	-74.7	-4.2
Tin (lb.)	.764	1.83	1.215	-33.6	+59.0
Wheat (bu.)	2.15	2.55	2.37½	-6.9	+10.5
Wool Tops (lb.)	2.00	4.35	2.01	-53.8	+0.5
Zinc (lb.)	.15	.19	.12	-36.8	-20.0

Data: Bureau of Labor Statistics; Engineering & Mining Journal.

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for 30% less!**

A Texas manufacturer with over 100 employees... replaced ordinary singlefold towels with Mosinee "Controlled" Turn-Towel service. The company achieved a saving of 30% by reducing towel waste. The employees like the quality of the Turn-Towls much better.

*Write for free samples
and name of nearest
distributor*



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Division of Mosinee Paper Mills Co.

Markets Speed Decontrol

Drop in many commodity prices makes price ceilings academic. Synthetics pulled some down, but growth in supplies also helped. Only a few now point up.

Prices of raw materials have retreated further than you may realize—thus aiding the proposed removal of ceilings. For manufacturers, the decline would be easy to overlook; it does not, of course, number among its victims several of the metals most used in industry—in particular, steel, copper, and aluminum.

Even the consumer may be surprised at the extent of the drop. The reason is simple: It's a long way from the raw material to the retailer's shelf; a lot of rising costs such as labor and transportation have prevented the declines in primary markets from being passed along in full.

• **Producers**—Price drops hit the producer of the raw material most directly (although they may be felt pretty sharply by the processor who is stuck with high-priced inventory at a time

when his product meets price resistance).

By now, a good deal of the price decline is ancient history:

• **Rubber manufacturers** are well aware of what happened to natural crude after soaring production of synthetic in this country took the fright out of the situation as it concerned supplies from Malaya and Indonesia.

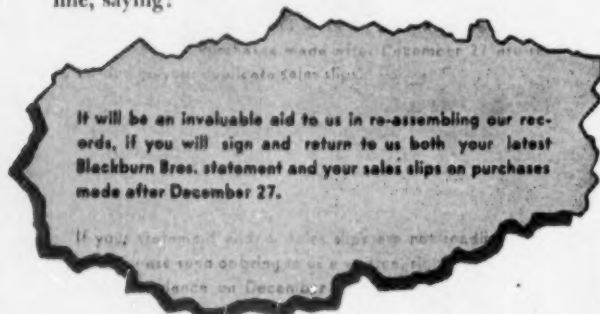
• **Soap makers** know only too well how tallow's price rocketed when the Korean hostilities threatened to divert into more essential uses the materials for synthetic detergents—and how this beef-fat derivative flopped when it turned out that synthetics would be available after all.

• **Wool users**, all the way from comb to garment worker, remember the pinch when demand for woolsens and worsteds seemed sure to outrun

This ad appeared recently in a Texas newspaper



Blackburn Bros., a leading Amarillo store, had been burned out. So they ran an ad with the above headline, saying:



Blackburn Bros. *had* to ask customers to help rebuild the store's records because that was the *only* way amounts owed to the store could be determined and collected.

To make sure that the survival of your business will not depend wholly on your customers telling you what they owe, you need Travelers Accounts Receivable insurance.

Then should your accounts receivable records be destroyed by fire, flood, explosion, or lost through burglary or theft, you'll be fully reimbursed for the money you are unable to collect because of such loss of records.

Ask your Travelers agent or broker to tell you how this insurance protects you fully against the loss you're bound to suffer if you're ever unable to bill customers because your records are destroyed or stolen.

Ask him also about insurance for your other valuable documents, blueprints and legal papers. Your valuable papers are subjected to the same hazards as your building, your stock, and your fixtures. And the wise thing to do is let your Travelers man arrange protection for them now.

ALL FORMS OF INSURANCE AND SURETY BONDS



The Travelers

HARTFORD 15, CONNECTICUT

40,000 REPRESENTATIVES TO SERVE YOU COAST TO COAST



Good buy - or goodbye INSULATION?

What's a good buy in insulation?

That's hard to say, until you've put an insulation to a performance test under actual operating conditions. Then, and only then, do you know whether an insulation is economical—or "cheap."

Comparative tests will quickly prove that ULTRALITE long glass fiber insulation is the most economical insulation for you. For ULTRALITE has every characteristic that makes for low application costs. It's light, easy to cut, runs quickly around curves and corners, requires no special fitting. You have no "scrap," no waste. In shipment, or in storage, compressible ULTRALITE saves you space—and space means money.

Most important, ULTRALITE stays on the job for the full lifetime of the insulated product—you never face the costs of "making good," repairing or replacing.

You can appreciate the truth of these statements when you consider ULTRALITE's unique combination of properties. It won't rot, burn, or absorb moisture. It won't chip, dent, flake, break or deteriorate with age. And only ULTRALITE has the property of r-e-s-i-l-i-e-n-c-e. You can compress it, bend it, bump it—yet ULTRALITE springs back immediately into original shape and thickness.

What can ULTRALITE do for you? Write today for samples, prices, and full details on this superior thermal and acoustical insulation.

GUSTIN-BACON MANUFACTURING CO.

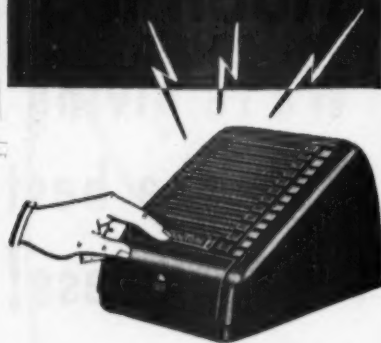
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forever the best efforts of the world's sheep to cover their backs. (And producers of the "wonder fibers" possibly give a passing nod of thanks to the high wool prices that encouraged production pioneering.)

• **Substitution**—In retrospect, there may be some sort of moral in the stories of wool, rubber, and tallow. If so, it probably is this: In these days when almost anything may come out of a test tube, the position of a natural raw material never is quite secure; in an extremity—and sometimes simply on the basis of price and quality—a substitute may make a big difference in the market.

Of course, to call substitution the whole story of the markets would be too great an oversimplification. There have been variations, too, on the demand side.

Some prices have dropped without synthetics entering the equation at all.

Right now, the No. 1 example is the beef critter.

Here the high level of employment and wide distribution of income seems to have taken a hand. Beef is the most desired meat, and its price held at a wide premium over presumably competitive pork for a long time. Finally, though, rising cattle production seems to have filled the platter.

• **Going Up**—At the opposite end of the price scale are the few commodities in which the end of price control is awaited to signal a rising market. Copper is an example. The ceiling on metal produced in this country is 24½¢ a lb. For a long time, however, imported metal has been subject to no price control (other than limits dictated by ceilings on products made of copper). Thus, roughly one-third of the copper we use has been bought at prices 10¢ a lb. or more above the domestic price.

Picking the Winner Is No Easy Task

Make no mistake about it, you have a tough job on your hands any time you undertake to pick in advance which stocks are going to finish in the money in one of the Big Board's annual sweepstakes.

Smart investors have a painstaking job. At Hialeah, Belmont, or Churchill Downs, you know the blood lines. But in the market you have to pore over dusty financial records; for your form sheet, you have to relate world news to the day's business reports. Even the habitual front-runners (such as growth stocks) have their off years.

If you think it's easy, scan the compilation below. It is adapted from an annual tabulation by the Keystone Co. of Boston, and shows how each of the 30 leading common stocks that make up the famous Dow-Jones daily industrial stock average performed in postwar years.

It shows plainly that nothing fades so quickly in the stock market as last year's favorite. Indeed, the 10-year record of these 30 leaders shows that, with only two exceptions, the top dog one year was just an also ran in the following 12 months.

Common Stock	1946	1947	1948	1949	1950	1951	1952	*1953
Allied Chemical.....	15	10	17	15	19	6	22	24
American Can.....	19	23	8	3	29	8	3	25
American Smelting.....	18	20	16	25	10	8	28	47
American Tel. & Tel.....	20	24	10	27	22	22	21	6
American Tobacco.....	16	26	25	9	30	27	18	1
Bethlehem Steel.....	9	6	19	26	3	20	13	4
Chrysler.....	29	1	29	6	23	24	1	18
Corn Products.....	3	25	21	8	25	23	24	12
E. I. du Pont.....	6	15	11	1	7	16	17	3
Eastman Kodak.....	7	18	13	21	20	25	25	47
General Electric.....	25	17	5	19	17	9	5	26
General Foods.....	23	27	3	11	26	26	8	5
General Motors.....	28	9	9	10	11	13	2	16
Goodyear Tire & Rubber.....	13	28	15	22	4	4	4	17
International Harvester.....	24	3	23	23	18	17	27	22
International Nickel.....	14	29	2	29	12	10	11	19
Johns-Manville.....	12	22	18	5	24	2	12	28
Loew's.....	26	30	30	12	27	15	29	30
National Distillers.....	17	21	27	7	15	7	30	29
National Steel.....	4	13	4	24	2	21	26	21
Procter & Gamble.....	10	7	20	2	13	30	23	13
Sears, Roebuck.....	1	19	7	17	16	19	14	47
Standard Oil (Cal.).....	2	8	6	28	5	14	9	27
Standard Oil (N. J.).....	5	5	22	30	6	1	20	20
Texas Co.....	8	14	26	16	8	3	19	23
Union Carbide & Carbon.....	11	12	1	18	14	12	10	15
United Aircraft.....	30	2	12	14	9	18	6	47
United States Steel.....	21	11	24	13	2	29	15	14
Westinghouse Electric.....	27	4	28	4	21	11	7	47
P. W. Woolworth.....	22	16	14	20	28	28	16	2

* January.

† Five-way tie for seventh place.

Wrestling bouts run about once a month. Pro football and basketball are gone. The final blow came just about a month ago, when the Boston Braves gave up their Hartford farm-team franchise in the Eastern League.

Everybody's agreed on the reason: There is no adequate place to hold the events. What Hartford needs badly, the sports enthusiasts say, is a large, modern outdoor and indoor arena for sports.

Last week just the faint glimmer of a possibility that it may get one appeared. A bill backed by Hartford's Common Council was introduced in the state legislature to permit the city to issue revenue bonds to build an arena. The bill may never pass. And if it does pass, it's only permissive. But the sports followers feel that, anyway, it's a step in the right direction.

A Will-But No Way

DALLAS—There are no Republicans or Democrats in local politics in this southern city. There's just the Citizens Charter Assn., which won office with the installation of the city manager form of government in 1931. Occasionally, opposition parties challenge CCA, but with one exception the challenges have been minor.

Through 1949, the voters elected a council every two years; the council in turn elected one of its members mayor. Traditionally, they chose the councilman who had received the most votes. But in 1949 they passed over J. B. (for Jean Baptiste) Adoue, Jr., president of the ultraconservative National Bank of Commerce, in favor of a man who had received fewer votes. Adoue got mad and, before the next election, had got an amendment tacked on to the city charter providing for direct election of the mayor. In 1951 Adoue ran as the Charter candidate and won easily.

The past two years have not been smooth. The 68-year-old Adoue is well known in Dallas as a man of strong will. As mayor he fought with one city manager until he quit, and has fought with his successor and with the police commissioner, water supply officials, and many others. He has brought CCA much antagonism, both in and out of the city government.

So the Charter Assn. told him he could not run for reelection on its ticket. Then it chewed its fingernails for fear he might run as an independent against the CCA candidate, and thus offer CCA its first real threat in 22 years.

Last week Adoue announced that, on doctor's orders, he would not run. The Charter candidate, now practically assured of election, will probably be Robert Lee Thornton, board chairman of the Mercantile National Bank.

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In the form of molding materials or resins, Durez phenolics provide unusual resistance to heat, impact, abrasion, water, electrical current, and many chemicals. They offer remarkable flexibility of design. Their use often reduces assembly operations and handling and shipping costs.

The phenolics have been the special sphere of Durez operations for 32 years. We are constantly adding new compounds and industrial resins that provide new ways to make things that sell and serve better. Your custom molder and our technical staff will gladly work with your research people in suggesting . . . and working out . . . their profitable application in your business.

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HOW TO SAVE folding money



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Exclusive Quick-Set fold chart. Designed to eliminate guesswork. Instruction time, 5 minutes or less.

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LOCAL BUSINESS



SWINGING THE SPAN to let pile driver barge through was a tough job for . . .

The Bridge That Was Sot in Its Ways

LITTLE ROCK—The Army Corps of Engineers has some dike-building and other riverbank work scheduled on the Arkansas River in Conway County, Ark., about 40 mi. upstream from Little Rock. So two months ago it rented a barge-mounted pile driver at Cape Girardeau, Mo., and started towing it down the Mississippi to the mouth of the Arkansas and up the Arkansas to the site.

On Friday, Jan. 23, the barge tied up just below the Rock Island railroad bridge here. Skipper Ben Franklin, in charge of the tow, asked the Rock Island please to open the bridge to let the 63-ft.-high pile driver through; according to law the railroad had to comply within 24 hours. "Sure," said the Rock Island.

• **Out of Practice**—Only, it turned out, it wasn't that easy. The bridge hadn't been swung open since 1938. And, early Saturday morning, railroad laborers found it wouldn't swing open.

Since 1938, they found, a pipeline had been built along the underside of the bridge and, later, abandoned. They cut that. Then they found that the electric motors that were supposed to swing the 402-ft. center span around were dead. They tried to swing the span by hand; they found it was rusted firmly in place. Even worse, it had settled a little onto the supporting spans on either side. That took care of Saturday.

On Sunday the Rock Island had a very large crew at work. They poured buckets of grease on the gears and cogs. They cut the rails at two points where the bridge was supposed to open. Franklin even hitched one of his tugs to one end of the span—and tugged. Headline in next morning's Arkansas Gazette: "Sweat and Grease to No Avail. Revolving Bridge Refuses to Revolve."

Monday morning they were back on the job. This time they decided to try jacking up both ends to clear the supports. The workers waited to let a mid-morning train go by (trains had been an added problem from the start) and then went ahead. They got it clear by half an inch, and then went after the turning mechanism with crowbars. At about 2 p.m., Franklin and his tow chugged slowly through (picture, above) to the sound of the workers' cheers.

"I guess," says William Ware, division engineer for the Rock Island, who was in charge of the job, "we'll keep this thing working from now on."

No Place to Play

HARTFORD—Time was when Hartford was known as a good sports town. There was baseball in the summer; football in the fall; basketball, wrestling, and boxing in the winter.

Those days are gone for Hartford. Now there isn't any boxing at all.

INTERNATIONAL OUTLOOK

BUSINESS WEEK

FEBRUARY 7, 1953

A BUSINESS WEEK

SERVICE

The shape of Eisenhower's foreign policy is coming into focus. From his State of the Union message you can see that he will:

- Increase the pressure on Red China relentlessly, though not recklessly.
- Encourage resistance to Moscow among the East European satellites.
- Use a diplomatic stick more freely in Western Europe than Truman did.
- Make no drastic change in U. S. tariff policy.

For the moment, Eisenhower's move to free Chiang for military action against China is an act of psychological warfare. It makes the Nationalists on Formosa a potential threat to Mao's regime. And that might make Peiping think again about Korea.

How big a threat Chiang will be depends upon how much military assistance he gets from the U. S. He has been throwing small hit-and-run attacks (some of them intelligence raids) against the Chinese coast for some time now. These could be stepped up if the U. S. gives him more ships and planes.

With enough U. S. help, Chiang might some day establish a real second front—by invading Hainan, say, a big island off the south coast of China.

But it's clear that the immediate U. S. goal is to divert pressure from the Korean front, not to spread the war to the Chinese mainland.

There's no telling yet what effect Eisenhower's Far East move—or real action later—will have on China. It could goad the Reds into more stubborn resistance or even into a counterattack on Formosa.

You may get a clue when the Korean problem comes up again this winter in the United Nations.

Meanwhile, the Formosa decision has raised quite a hubbub in Western Europe and Southeast Asia.

In London, Paris, New Delhi, and Jakarta, there's fear that it will reduce the chances of a Korean truce, increase the danger of a bigger war in Asia.

Eisenhower's call for repudiation of the Yalta and Potsdam agreements falls in the field of psychological warfare, too.

In effect, the U. S. is now saying:

- We refuse to accept Soviet enslavement of Eastern Europe.
- When the right time comes, we will support a revision of postwar boundaries between Poland and Russia and between Poland and Germany.

Nobody in Washington expects psychological warfare to shake Moscow's grip on Eastern Europe in a hurry. Maybe that can never be done except by force—unless there's a political upheaval in Russia itself.

But it will increase Moscow's problems in Eastern Europe, which already are plenty tough.

The U. S. now has the heat on Western Europe to speed unification and get ahead with German rearmament. Otherwise, Eisenhower and Dulles have hinted, the U. S. might cut off military and economic aid.

But this tough line is partly for U. S. consumption. You can be sure that Eisenhower has no intention of letting the North Atlantic Treaty Organization fall apart.



Your Product is Well-Dressed and "Sell-Dressed" in a Gaylord Container



*Their unseen quality gives you
an extra margin of safety.*

Strikingly printed Gaylord shipping containers keep on selling your name and product wherever they go. This effective and economical medium is a natural to increase the impact of your advertising and other promotions.

Your nearby Gaylord sales representative will be happy to tell you more about these "traveling billboards."

You will find him listed under Boxes (Gaylord) in the classified pages of your phone book.

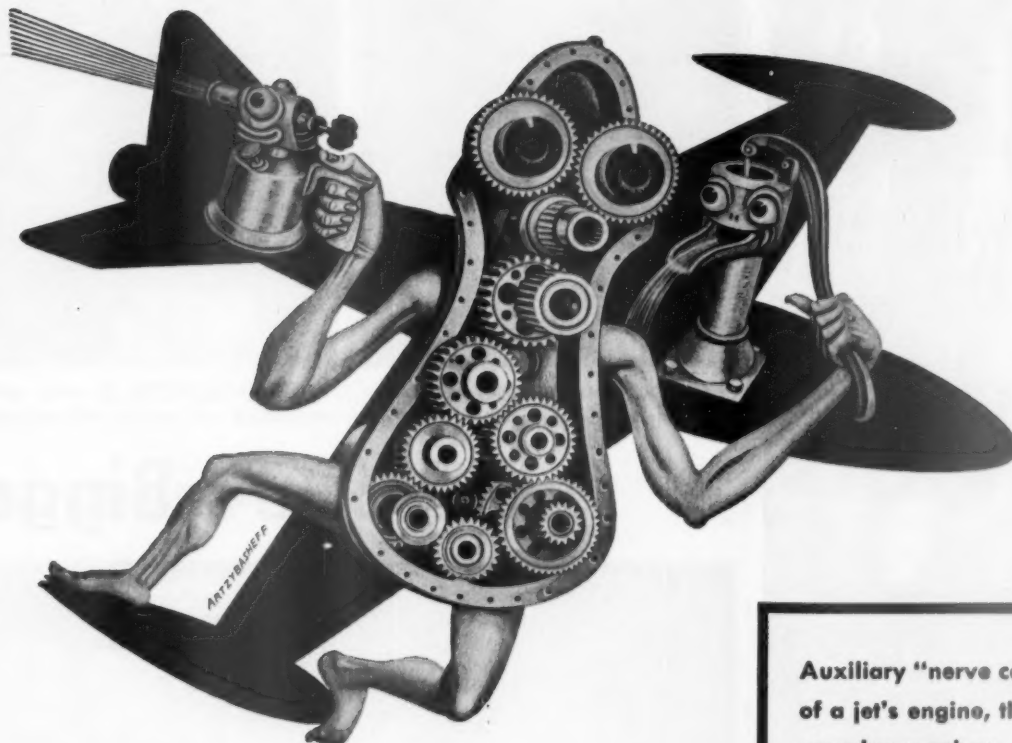
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From a jet's mighty engine, these precision gears "take off" power and pass it along to vital accessory equipment at the specific rate required by each different unit. As many as 30 separate gears . . . as many as 2500 separate machining and assembly operations . . . go into this gearbox so essential to safe, efficient operation of a jet. And for this tremendously complex production, Westinghouse depends on Lycoming.

Lycoming stands ready to assist you, too. Whether you have "just an idea" that needs development, a problem in the blueprint stage, or a finished metal product that needs precise, speedy fabrication . . . you can depend on Lycoming's long-tested ability to meet the most exacting and diverse industrial or military requirements. *Whatever your problem—look to Lycoming!*

Lycoming's 2½ million feet of floor space, its more than 6,000 machine tools, and its wealth of creative engineering ability stand ready to serve your needs.

Auxiliary "nerve center"
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**To produce this intricate
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INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK
FEBRUARY 7, 1953

He knows, also, that too much pressure on Western Europe could boomerang. For one thing, it gives the Communists a chance to say: "We told you the U.S. would take away your independence."

•

Congress is playing by ear on foreign trade policy. No one is sure just where the new Administration stands.

The tone of the Inaugural Address encouraged those who hope to lower U.S. trade barriers. Now the State of the Union message has been taken by high-tariff congressmen as a green light for more protection.

They base their hopes on Eisenhower's promise to consult labor, management, and farmers before extending the Reciprocal Trade Agreements Act, and on his mention of "legitimate safeguarding" of domestic industry.

•

The free-trade advocates believe Eisenhower will straddle the fence. They are afraid that any kind of compromise in getting RTA renewed will perhaps mean slightly higher trade barriers.

Some are disappointed that the message made no mention of repealing the Buy American laws. They feel that this—as much as tariff cuts—would help imports to expand.

The talk is all premature, of course. The Administration hasn't shown any sign of slamming the door on new measures in the foreign economic field.

•

Negotiations for a settlement in Iran have bogged down over one word. London wants compensation for its "enterprise" in Iran; Mossadegh insists the word be changed to "facilities."

"Enterprise," presumably, means the whole value of the Iranian operation—including earnings and intangibles. "Facilities" means the bare-bones physical installations.

The Administration changeover in Washington has taken the heat off Teheran and London for a settlement. So they're stalling again.

•

Another semantic squabble has developed in Bolivia.

The State Dept. recently proposed that the U.S. and Bolivia set up a three-man arbitration commission to rule on the compensation claims of American stockholders in the nationalized tin companies. Washington offered a long-term tin purchase contract in return.

Now Bolivia wants to limit consideration of compensation to facilities above ground. The mine shafts themselves are claimed as Bolivian property.

The U.S. won't buy this. It has decided not to bail out Bolivia with any more spot tin purchases until the compensation wrangle is settled.

•

Teams of top-flight businessmen are going abroad to check up on U.S. foreign aid.

They're supposed to leave within a few weeks, visit every nation where the Mutual Security Agency is operating. The assignment is to find out where and in what quantity aid is needed, where it can be pared.

Returning teams will report to Mutual Security director Stassen. The guess is that Clarence Francis, chairman of General Foods Corp., will head the project.



all policies of the coal-steel pool. But it's not all-powerful. Representatives like . . .



GERMANY'S LUDWIG ERHARD, of the Minister's Council, also have a big say.

Business—at Work



CHAIRMAN PAUL HENRI SPAAK, of Belgium, long-time friend of European unity.

The six-nation Schuman Plan—the coal and steel pool—is ready to open. Next Tuesday tariff barriers on movement of coal and iron ore between France, Germany, Italy, Belgium, Luxembourg, and the Netherlands will vanish, opening up a brand-new competitive market of more than 500,000 sq. mi. and 155-million people. Steel will join this common market in two months.

Boosters of the plan have high hopes. They see it as a model for other economic pools in Western Europe, maybe even the first step toward a united Europe. But first it must prove it can operate as a successfully managed business. That won't be easy, for there's plenty to manage: The coal and steel industries of the six nations have a \$6-billion annual production; they employ 1.5-million workers.

• **Overseers**—Five separate bodies have been set up to keep this big, supranational business running.

• The High Authority, a nine-man management board headed by France's Jean Monnet (who originated the plan 2½ years ago), is the pool's full-time executive. It must formulate and carry out all policies, though any one of three other groups may overrule it. Luxembourg is its headquarters.

• The Council of Ministers, representing the six governments, meets with the High Authority whenever policies affecting domestic economies are being considered, and can insist on modifications. There was a meeting just last month at Luxembourg: A .9% tax on

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BUSINESS ABROAD



FLAGS OF SIX NATIONS fly at Luxembourg as the Schuman Plan starts.



PLAN'S FOUNDER, France's Jean Monnet, heads its management board, the . . .



HIGH AUTHORITY. Its nine members are charged with making and carrying out

Europe's Biggest



COMMON ASSEMBLY at Strasbourg oversees the High Authority. It can unseat the entire membership if it disapproves of its over-all policies, under guiding hand of . . .

Pig Bristle War

U.S. acts to plug leaks of goods from Red China. Other governments agree to help enforce the rules.

Firecrackers and pig bristles have acquired a new dignity. They've become strategic pawns in the undeclared war between the U.S. and Communist China.

Washington, not yet ready to enforce a total blockade on the Chinese mainland, is trying to chip away at Peiping's war making power by preventing it from earning badly needed dollars. As an example, the Foreign Assets Control Agency in Washington last week concluded an agreement with Japanese government officials to crack down on contraband trade.

• **Leakage**—Less than a year ago, the U.S. barred direct sales of any Red Chinese products to American importers. But goods valued at millions of dollars continued to reach the U.S. market—through Macao, Hong Kong, Formosa, Japan, even Korea. Here's a sampling of what's happening:

• **Macao** manufactures about \$750,000 worth of fireworks annually. Last year the Portuguese colony shipped double that amount. The extra firecrackers came from Chinese factories; the dollars went to Peiping.

• **South Korea** normally produces a few thousand pounds of pig bristles. Recently, Koreans offered to sell several hundred tons. The excess had been smuggled by junk from China.

• **Hong Kong's "New Territories,"** on the mainland, turn out 5,000 lb. of pig bristles yearly. In 1952 they tried to sell 2,000 tons to the U.S.

Until recently, U.S. Customs required only a certificate of origin declaring that the goods did not come from Communist China. But only a half dozen or so of Hong Kong's 1,000 traders could be trusted. Others established a lively business in faked certificates.

The certificate of origin will continue to be the basic requirement for goods from suspect areas. But now local governments have agreed to oversee their issuance. Companies discovered faking papers and handling Chinese exports to the U.S. will be blacklisted, denied United States banking facilities. And they may even have their U.S. assets frozen.

• **Via Europe**—Meanwhile, restrictions have worked pretty well in blocking imports of Chinese products through European middlemen. Peiping has tried to get around the bars by devious barter deals. Now, Europeans—Western as

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COUNCIL OF MINISTERS meets with High Authority to decide on sales tax on coal and steel. Council can overrule Authority policies affecting domestic economies.

the sales price of coal and steel was approved, to bring in \$50-million a year for administrative expenses and the servicing of loans.

- The Common Assembly, composed of members of parliament of the six nations and led by Belgium's Paul Henri Spaak, keeps an eye on the High Authority. Its approval is not required for individual decisions of the High Authority, but it can dismiss all nine members if it disapproves the High Authority's policies as a whole.

- The seven-man Court of Justice decides whether the policies of the High Authority are in line with the treaty that set up the pool.

- A Consultative Committee, composed of industrialists, workers, and consumers, is being organized to advise the Authority.

- **Top Spot**—Even though three other groups hold check-reins on it, the High Authority is definitely the top policy making and executing body. In the first place, it's the only one working full time on matters concerning the pool. Also, since its membership comes from all six nations, it can work out national differences before they reach the Council or the Assembly. So far it has done a good job of ironing out: Monnet says that the nine members have been unanimous in all major decisions.

- **Take the Lead**—If the Authority can continue to agree, the Council and Assembly are likely to go along with it—especially since its members are men well-known and respected in their native countries, such as: Franz Etzel, president of Germany's Bundstag Economic Commission; Albert Coppe, former Belgian Minister of Economic Affairs; Leon Daum, managing director of one of France's biggest steel companies; and Dirk Spiereburg, of the Netherlands, president of the Benelux Council.

This group plans to use its supranational powers to build up a more efficient and greatly expanded steel industry. It will try to do this by a big investment program; by making com-

petition, not restriction, the byword of the common market.

- **A Big Boost**—For more than 25 years Western Europe's steel production has been relatively stagnant. In 1929 the pool nations produced 35-million metric tons, last year they produced 42-million tons. In the same period U.S. production rose from 57-million to 95-million tons; Russian output zoomed from 5-million to 35-million tons.

The Authority's aim is to increase production by 8-million to 10-million tons by 1956. At the same time coal production (240-million tons last year) will be upped 30-million or 40-million tons. To accomplish this, it figures, each industry will need investments of from \$400-million to \$500-million a year.

The coal and steel companies, themselves, can probably raise about 40% of these funds. The rest must come from private investment and public borrowing. That's where the Authority expects to play one of its biggest roles.

- **Outsiders Welcome**—This is how the Authority wants to play it. First it plans to reduce the cost of getting needed capital—interest rates on long-term capital in the area are now about twice the British and U. S. rates. Next, it will make sure that the funds are secured by guaranteeing the loans of individual companies, and by borrowing on its own account to reloan to coal and steel companies.

It's pretty certain, too, that the Schuman Plan will make a big effort to attract capital from outside the six pool nations—especially private U.S., British and Swiss capital.

Aside from investment, the most pressing problem facing the High Authority is that of prices. The present price for a ton of coal ranges from \$10 to \$14 within the six nations. A common market, on the other hand, assumes equalized prices. To bring that about, the Authority will set maximum prices, work through investment to up the efficiency of high-cost producers.



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well as Eastern—know that the U.S. won't accept Chinese products.

The result has put the squeeze on Peiping: Since the U.S. has always absorbed just about all of China's bristles and a large amount of its tung oil, Europe is glutted with them at the present time.

Poland, for example, not long ago dumped large holdings of bristles, depressing prices even further. Now the Chinese are in the unenviable position of being unable to barter some of their key products even within the Soviet empire.

BUSINESS ABROAD BRIEFS

Backyard gardeners in Britain get their first soil conditioner this month—Krilium—marketed by Monsanto Chemicals, Ltd., under the trade name Merloam. British Monsanto calls the beginning sales campaign a "trial operation," hopes it will determine future marketing plans throughout the Commonwealth. . . . Meanwhile, from St. Louis, Monsanto Chemical Co. announces formation of a new Overseas Division, to supervise all Monsanto sales and interests outside the U.S. Edward A. O'Neal, Jr., board chairman of British Monsanto, will be general manager.

Picketing picadors and banderilleros halted the bullfights in Mexico City this week. Their union wants regular pay for a bullfight that was canceled a few weeks back on account of skinny, underweight bulls.

A Japanese research team is in Alaska, studying the possibility of erecting a lumber mill, probably near Sitka.

Ohio businessmen have set up a new company to import molds for the plastic molding industry from Denmark. Mid-States Die, Tool & Mold Service Co., Columbus, will air express blueprints to Denmark, get the finished molds back the same way. The company claims that even with tariffs and express charges, the Danish molds will be no more expensive than domestic ones.

The Pictures—Cover by Herb Kratovil. Arkansas Gazette—96; Cal-Pictures—48, 49; Bill Clinkscales—122; Harry Compton—111, 113; INP—27; Sid Karson—86; Herb Kratovil—58, 59, 110; Ed Nano—128, 129; Kryn Taconis—102, 103, 104; U. S. Army—40, 41.

THE LABOR ANGLE

Income Taxes in C-of-L Index?

The new Bureau of Labor Statistics' cost-of-living index has raised some thorny issues. Companies and unions that have written escalator clauses into their contracts are currently involved with rewriting these provisions so that they can use the new BLS figures as a basis for setting wages. The principal problem stems from the fact that the new index may not move so fast as the old one.

BUT ANOTHER question has been raised as well, one that may create new bargaining demands. Labor organizations complain that the new figure should include a cost that previous ones have omitted—income taxes. The AFL urged caution in dealing with the new index and cited the absence of income taxes as a major shortcoming. Dr. Lazare Teper, economist of the AFL International Ladies Garment Workers Union, thinks BLS should either issue a separate c-of-l figure that includes taxes, or else issue average income tax movements covering the same families that the c-of-l index does.

The BLS, in an article in the February issue of its Monthly Labor Review, maintains that the taxes it now includes are all that can be properly covered by its index. It now lumps excise taxes with the goods on which they are levied. Property taxes are considered part of housing costs. Whether consumers are taxed by governments or pay private companies for garbage disposal, water, gas, or similar utilities, they, too, are included.

That, says BLS, is as far as it can go in including payments to governments in its index. The bulk of the other taxes is levied on individuals and isn't related directly to goods or services received from government. Since the index is based on prices of particular grades and quantities of goods and services, it would be impossible to follow its present computation technique and come up with a figure including income taxes.

Dr. Teper, while conceding that no fixed commodity called "government" could be priced periodically, still believes that income taxes ought to be included one way or another if the index is to fulfill its

function as a means of measuring changes in the urban wage dollar in terms of what it will buy.

THUS FAR, it looks as though there's little more involved than differences of opinion over statistics. But back of that is a much larger policy question: Should workers covered by escalator clauses get wage relief when income taxes—as well as prices—rise? Or, put another way, should these workers be excused from paying most of their future income taxes?

David McDonald, new head of CIO's steelworkers, is expected to demand in June that steelworkers get raises to offset at least some of their income taxes. If this is carried a step further, and income taxes are included in the BLS index, workers covered by escalator contracts would get almost dollar-for-dollar boosts when income taxes rose.

There may at times be some justification for granting wage raises to a particular group when new taxes are levied, on the grounds that those workers have not caught up to prevailing wage levels and, therefore, are especially hurt by new taxes. But if a c-of-l figure with income taxes included were issued, it would apply to a large—and conceivably increasing—number of workers throughout the economy.

What grounds could be mustered for such action? Unions are quick to cite the fact that, in recent years, many companies have set up various deferred income, stock option, and capital gains plans so that their executives can get some tax relief. On the other side, though, there are the tax-free fringes—such as pensions, health, and welfare plans—that union members have been winning since the war.

BLS has taken its stand and defends it. Its principal function is to provide information. Inclusion of income taxes in its index could extend its influence further into wage setting, inflation control, tax incidence, and a string of other top policy areas.

If this issue is not determined to union satisfaction in Washington, it is sure to be heard around bargaining tables.

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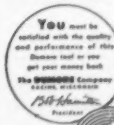
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LABOR

"Old" C-of-L Index Gets a New Lease

● The auto industry—and some labor unions—have brought pressure on Congress to postpone dropping the index.

● Now the White House has asked BLS to continue for six months issuing unrevised figures—along with the new index.

● That will put off a showdown on bargaining in the auto industry, and should make the switchover smoother.

The Bureau of Labor Statistics' original cost-of-living index won a six-month reprieve last weekend; President Eisenhower canceled BLS plans to drop the so-called "old" index when it begins issuing a fully revised index of living costs beginning this month.

The decision—backed up with additional funds for BLS to enable the agency to continue the old index—came as a reprieve, too, for auto manufacturers who faced showdown bargaining with United Auto Workers (CIO).

As long as the original index is issued monthly, auto labor contracts with c-of-l clauses are technically closed. A reopening is required only if the old index isn't available.

• **Postponement**—The decision to continue the original index, therefore, means that a showdown on new union demands (BW—Jan.17'53,p141) can be put off for six months. It's hardly likely, now, that the delay will be any longer than that.

BLS warned three years ago that eventually the old index would be abandoned. Congress approved such a step, endorsing a shift from an antiquated 1935-39 base to one taking into account buying habits and prices of 1947-49. In 1952 BLS announced conversion must be made at the start of this year; the December, 1952, index was scheduled as the last of the unrevised series.

Then pressure began building up fast to get BLS to continue the original index at least through 1953. The matter finally went to the White House.

• **Arguments**—UAW, the union most concerned with escalator contracts, was perfectly agreeable to dropping the original index. Such a move would make possible union demands for a review of contracts, which otherwise could run to June, 1955, without a reopening.

Auto companies, foreseeing bargaining problems with UAW, opposed eliminating the old index. So did many other unions, mostly outside of CIO;

they wanted to see how the fully revised index would behave—in relation to the old index—before working out conversion terms.

Railroad brotherhoods, with 1.2-million members under escalator contracts (UAW has an estimated 3-million), also urged that BLS continue issuing the unrevised index. They have an October, 1953, contract termination date—so they wanted to put off index-conversion problems until this fall. George Meany, AFL president, supported their position.

• **Congressmen Swayed**—Telegrams, predominantly for retention of the old index, piled up on Senate and House desks. UAW charged that the barrage was "inspired" by auto companies anxious to stall contract bargaining.

Either the telegrams or a recognition that the new Administration is not yet geared to handle a possible major labor dispute had a strong effect on Capitol Hill: Chairmen of House and Senate labor committees called on the President to order the old index retained to avoid "industrial relations problems which might arise over discontinuance" of the index.

• **Conversion Hitch**—Meanwhile, another factor entered into considerations of the future of the index. Statistically, a conversion can be made from old to fully revised living-cost benchmarks. But nobody knows yet just how the revised index is going to move. A conversion formula worked out in good faith might prove unsatisfactory later, with experience under the revised index.

When BLS began issuing a partially revised, or interim-adjusted, index in 1951, it continued issuing the old index as a parallel figure. The White House decided that a similar policy should be adopted now, in connection with the switchover to the fully revised index. And it set a time limit of six months sufficient to give labor and management a certain knowledge of the comparative movement of old and fully revised index

figures. After that, conversion should be simple, the White House believes.

• **Three Figures**—The decision poses problems for BLS, but Commissioner Ewan Clague doesn't consider them serious. The bureau must reconstruct an old index figure for Jan. 15, a job which entails a resurvey of living costs in some cities, and a complete price survey of others.

BLS now plans to release its fully revised index on schedule, near the end of February. At the same time, it will convert the new index figure to the old 1935-39 base period for those who want to convert to this compromise index figure (BW—Jan.24'53,p144).

The old figure for mid-January will come out about a week late, probably the first week in March. Despite the problems involved in reconstructing it, Clague expects to come up with a "good" January figure on the original index basis—one that Walter Reuther can't challenge as not comparable to index levels in UAW's c-of-l contracts.

For five months, beginning with mid-February figures due in March, BLS will issue three index readings: the fully revised, the modern index adjusted to a 1935-39 base period, and the old index. After that, the old index's reprieve is due to run out—for good.

• **Bargaining**—The decision to retain the old index for six months cuts the ground out from under Reuther in his current drive to get auto companies to reopen contracts. If they do—and it's not at all impossible—it will be voluntarily, on terms acceptable to management. Some companies were considering concessions to UAW before Reuther issued his demands in January.

But if they don't, the delay might prove more to Reuther's advantage than to management's. Government controls are ending (page 25) and UAW will be able to bargain in June or July without wage curbs.

Moreover, the auto bargaining will come at a time when steel negotiations will be at or near a climax. This will mean a more concerted pressure for economic gains, and, undoubtedly, a rivalry between UAW and the United Steelworkers (CIO) for the best possible settlement. There is an increasing coolness between Reuther and USW's president, David McDonald. Each will be shooting for a prestige-building contract achievement in 1953—and the way the bargaining schedule has just been revised, they'll be shooting for it at about the same time.



Conciliation was tried by Howard McSpedon (right), head of the Building Trades Council (AFL). The ironworkers' Ray Corbett (left) balked.



Mediation before Peter Eller (left) of the Building Trades Employers' Assn. came next. McSpedon (center) and BTEA's Arthur Riehle aided Eller.



Arbitration before BTEA's 14-man executive committee was the final step. The disputing unions presented their arguments. The dock workers won.

Unions Call On the Boss

(Story continues on page 112)

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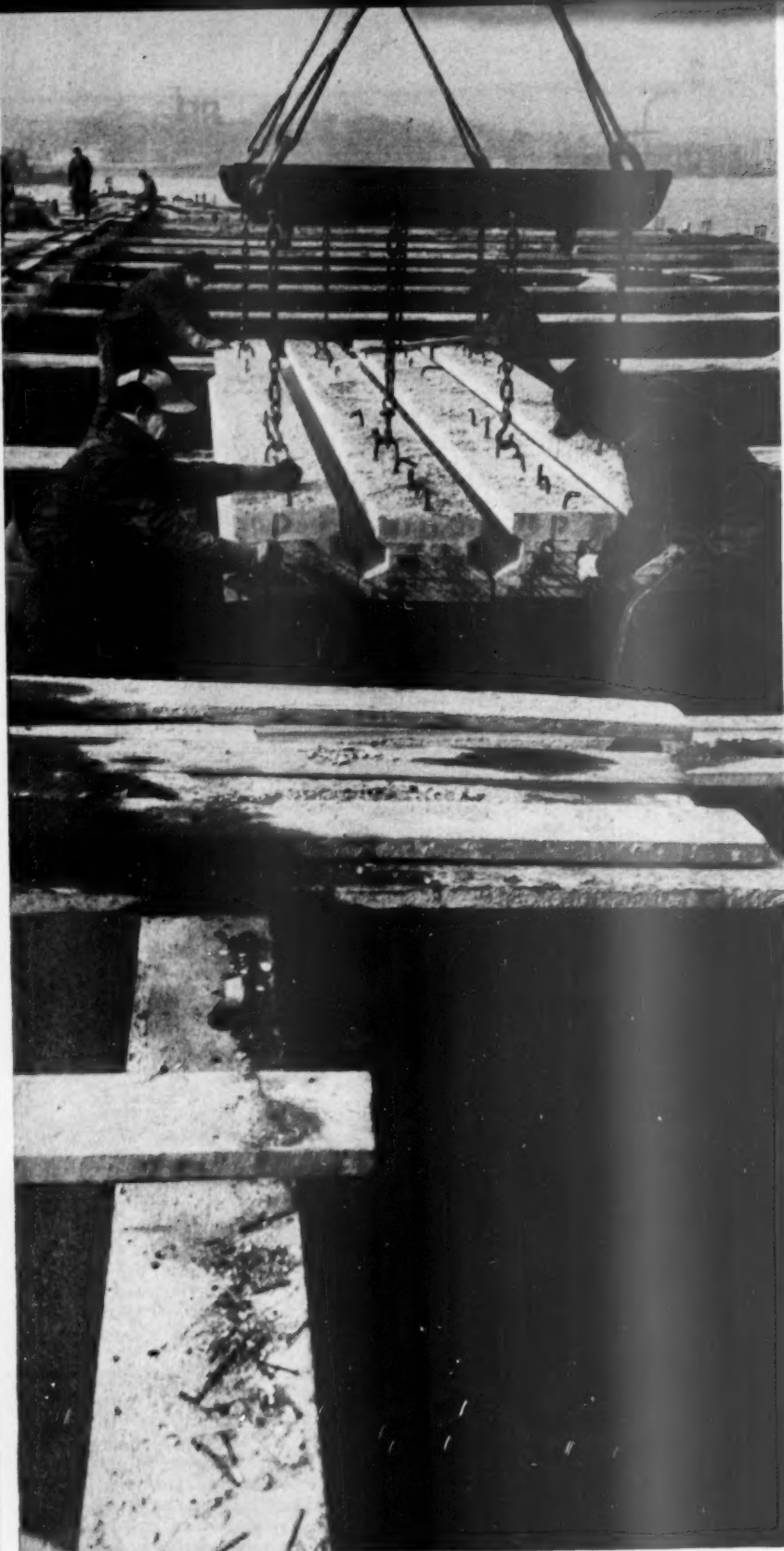
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Problem arose in New York when two AFL craft unions, ironworkers and dock workers, got into a dispute over which should do work on a new material, prestressed concrete stringers. Work might have stopped elsewhere. It didn't in New York.

Solution ↗



KEY FIGURE in BTEA's dispute-handling is Peter Eller, association chairman.

volves a new material or a new process, on-the-site quoting of the code is all that's necessary to settle the dispute.

• **New Cases**—But new issues do come up regularly. Just this week, for instance, there's this one: Who should install metal furniture in a hospital? This, again, involves carpenters, who claim jurisdiction over anything made originally from wood, and ironworkers.

• **Procedure**—The dock case is typical of what happens to such a case.

First, officials of the dock workers' local and of the ironworkers tried to argue out a decision, face to face, in the dispute over stringers. They got nowhere. So the head of the aggrieved union took his case to Howard McSpedon, president of the New York City Building Trades Council of AFL unions.

McSpedon sought to conciliate the positions of the rival unions, discussing the claims and encouraging the parties to iron out their differences directly, without outside recommendations. He made no settlement proposals. When this informal step failed, McSpedon invoked the mediation stage of BTEA jurisdictional-disputes machinery.

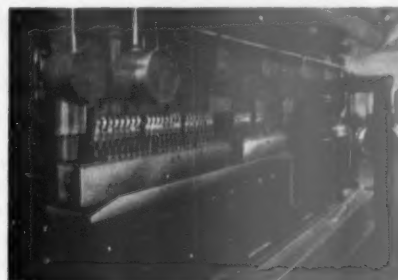
• **Employers**—This is a formal step, and involves the employers' group for the first time, officially. As in most cases, however, BTEA's chairman, Peter Eller, and its secretary, Arthur Riehle, had been kept informed about the pre-BTEA stages of the dispute, and very likely had been asked for advice. All this was unofficial.

By going into mediation, the parties in the dispute invoked the efforts of a third party, BTEA's chairman, to suggest possible solutions for their controversy. McSpedon presented the case to Eller and Riehle. Representatives of the rival labor groups argued their claims. Eller issued recommendations, which weren't binding on either party.

Ordinarily, New York disputes end



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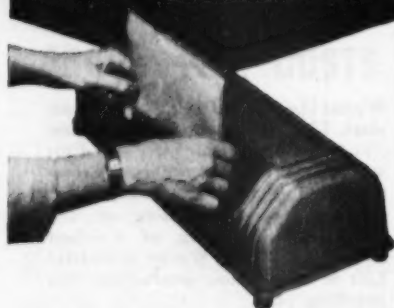
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"...in New York City, jurisdictional stoppages are few and far between..."

ARBITRATION starts on p. 110

When two craft unions get in a dispute over which should handle a new construction material, there's usually trouble. More often than not, work shuts down. The contractor on the job suffers; there's not much he can do until the unions hammer out some sort of settlement (BW—Jan. 12 '52, p. 72).

It's different in New York City. Jurisdictional disputes arise there as often as anywhere else, but stoppages are few and far between. About 95% of the time, work goes on without interruption while the dispute is being settled.

This results from a unique mediation and arbitration program, dating back to the organization of New York's active Building Trades Employers' Assn. 50 years ago last week.

• **Pier Dispute**—Coincidentally, the settlement program got its first major test in two years just as BTEA celebrated its golden anniversary with a black-tie dinner that brought together building labor and management. On the eve of the dinner, a 14-man arbitration board of employers handed down a binding award that settled a ticklish union row on a dock-building project.

Two months ago a contractor awarded the job of laying prestressed concrete stringers to a dock workers' local, part of AFL's carpenters' union. Ironworkers, also in AFL, objected. They maintained that the stringers—being used for the first time in the new form on a New York dock—should be installed by ironworkers, because they had been handling them in building construction. Most places, the dispute would have resulted in picketing, and a work shutdown. In the dock case, the dispute went through the three stages of the BTEA-labor jurisdictional-disputes procedure, to a peaceful settlement giving the dock workers jurisdiction.

During nearly eight weeks of deliberation, work on the dock went on without interruption. The dock workers handled the prestressed concrete stringers; the ironworkers made no effort to stop them. Had the final decision been that the ironworkers, not the dock workers, should handle the job, a mid-job change of work crews would have resulted automatically.

The arbitration award becomes a part of a permanent jurisdictional code for builders, which incorporates decisions dating back to 1903. This code, in ready-reference form, is the bible of the New York building trades, employers and unions. Except when a case in-

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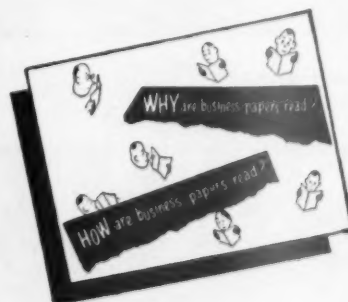
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mum standards of trade union decency," AFL's executive council gave ILA's officers and members until April 30 to:

- Get rid of (1) union representatives with criminal records, and (2) international or local union officers who have received gifts or bribes from employers or who have appointed former convicts to union jobs.

- Abolish the shape-up system of hiring "which encourages kick-backs and other objectionable practices" and replace it with "a system of regular

employment and legitimate hiring methods."

- Restore "recognized democratic procedures" that will let members elect "true and capable trade union leaders . . . free of the taint of crime and racketeering."

The executive council will decide in May if ILA has met these requirements. If the union hasn't, the council will recommend that AFL's next convention, at St. Louis in September, either oust or suspend the longshoremen's union.

Labor Weighs Its Chances

A tally of labor's support in Congress shows that mathematically it's the poorest since 1947. Even so, prospects of getting a bill favorable to labor are brighter.

Although labor hasn't yet developed any grievances against President Eisenhower, union chiefs are far from cheerful over the Washington picture. As they examine voting records, platforms, and campaign results, they see organized labor's outlook in Congress as the bleakest since 1947—the year of Taft-Hartley. A couple of big strikes, peppered with a little belligerency from labor leaders, would be enough to send a hardened Taft-Hartley bill kiting through the House of Representatives.

In such a case, labor could count on only about 140 votes—less than a third of the House membership—or at most, 150. That's quite a drop from 1949, when labor was able to muster 209 votes to send the Wood bill—intended to replace T-H—back to committee.

- **Weak Reeds**—That doesn't mean that labor has 140 votes at its command. In fact, there are only about 30 day-in-day-out laborites in the House.

Even worse, from labor's standpoint, few of the 140-odd can be rated influential. Obviously none is a committee chairman since the Republicans have all these posts, and labor's strength is in the minority party. Minority leader Sam Rayburn of Texas and John McCormack of Massachusetts probably are organized labor's most influential friends. A few such as Francis E. Walter of Pennsylvania and Clarence Cannon of Missouri have some influence—but plugging overtime for labor isn't one of their pastimes.

- **Best Bet**—Committees are labor's best bet, from the standpoint of legislation—and on the House side, labor is at a woeful disadvantage.

Out of 26 members of the Education & Labor Committee, union chiefs can't count more than 10 friends. Most of the others are not only unfriendly, in labor's lights, but downright antagonistic. One exception is the chairman,

Samuel K. McConnell, Jr., of Pennsylvania. Labor lobbyists know McConnell isn't going to give them much, but they find him friendly and willing to listen—therefore easier to do business with than his Democratic predecessor, Graham A. Barden of North Carolina, whom labor considers hostile.

McConnell likes to see everybody happy—a quality that may cost him some of his leadership authority to the more aggressive Ralph W. Gwinn of New York (ranking Republican on the committee), and to Graham Barden, ranking Democrat. He would like to see "a simple law, as brief as possible and written in language anybody could understand, under which labor and management could get along amicably and settle their differences as much as possible without government interference." It's a safe bet that none of this will come to pass.

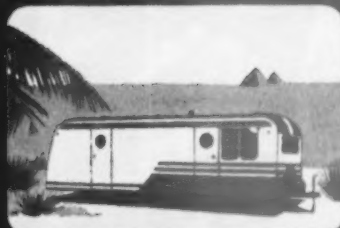
The chairman would like to throw the hearings wide open and write a new bill, which naturally would be known as the McConnell bill. There was a hassle about this at the first committee meeting: Gwinn and Barden want the hearings confined to specific amendments.

The Rules Committee, an even more powerful unit of the House—it once developed the Case bill, forerunner of T-H, out of a seemingly unimportant bill—is a hotbed of conservatives, as far as labor is concerned. Ray Madden of Indiana will be the lone voice pleading labor's cause on that committee.

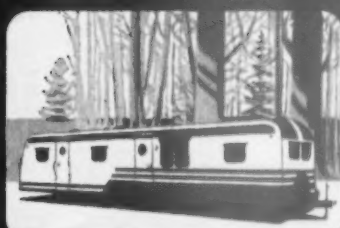
- **Counterbalance**—On the Senate side, the labor committee has a different complexion, and there the outlook becomes confused.

Sen. H. Alexander Smith of New Jersey, who considers himself a middle-of-the-roader in labor-management affairs, is chairman of the committee, but Sen. Robert Taft will hold the hearings

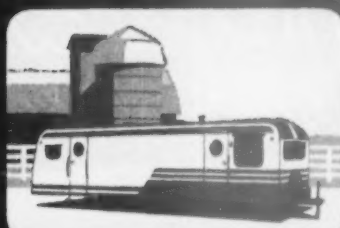
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at that stage; the recommendations of the BTEA chairman are accepted. However, the ironworkers refused to accept proposals that they considered to be adverse. They asked through the BTC president for an arbitration hearing before the 14-man BTEA executive committee, with Eller presiding. In the New York dock case, the hearings took two full days, and included motion pictures showing ironworkers handling prestressed concrete on other building jobs in New York—but none of them dock jobs. On a third day, the arbitration board debated the rival claims in executive session, and later handed down an award favoring the dock workers.

• **Accepted**—Sometimes a complaining union balks at a final decision, but never for long. Pressure of the Building Trades Council (AFL) brings it into line.

The fact that arbitration is by an all-employer board doesn't bother the unions. When the program was first set up, in an era of chaotic labor conditions in New York in 1903, arbitration was by an employer-union panel. Labor dropped out a few years later.

There's this advantage for the unions in the all-employer plan: No Building Trades Council official has to pass on a jurisdictional dispute between BTC unions, thus lessening the possibility of dissent and internal troubles.

• **Growth**—BTEA now has 24 affiliated associations representing about 1,000 general and specialty contractors—and is one of the largest organizations of its kind in the country. Eller is the key figure in BTEA today, and is widely credited for the marked success of the jurisdictional-disputes panel.

AFL Tells Dockers to Clean Up or Get Out

AFL's executive council this week broke with a 72-year policy of not policing its member unions. It issued a flat ultimatum to the International Longshoremen's Assn., told the union to rid itself immediately of "all semblance of crime, dishonesty, and racketeering"—or get out of AFL.

Previously, the Federation had always stressed that, as a voluntary association of free and autonomous unions, it has no police power—no authority to "interfere with the internal affairs of... unions affiliated to the AFL." Irrate over disclosures at hearings conducted by the New York State Crime Commission, investigating conditions on New York City docks (BW—Dec. 20 '52, p28), the council acted unanimously to make a special case of ILA.

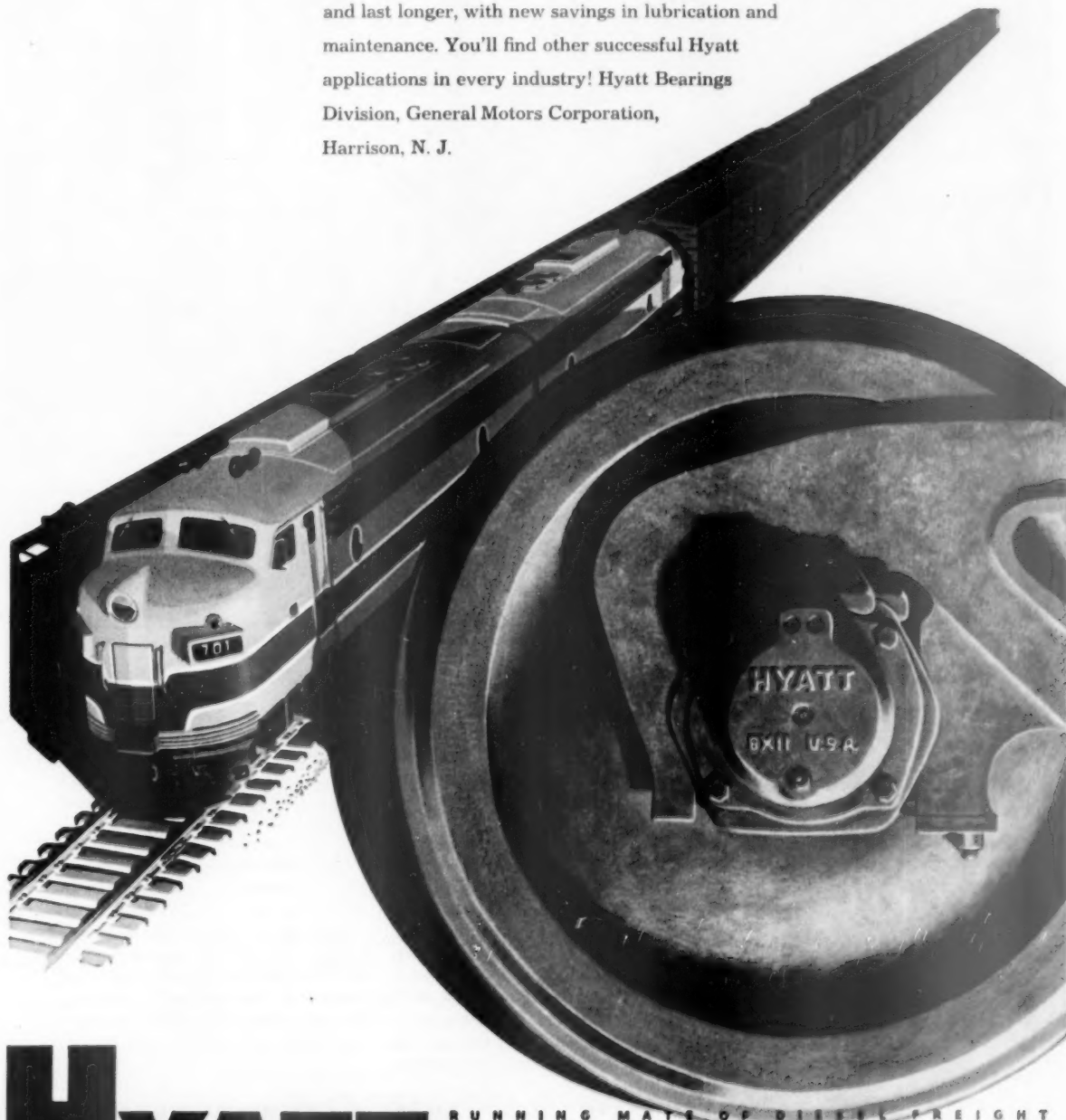
• **Orders**—Criticizing the longshoremen's union for not maintaining "mini-

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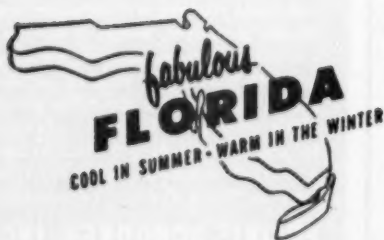


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and probably will be chief architect of the Taft-Hartley revisions.

The 13-man group, however, is predominantly friendly to organized labor—certainly a sharp contrast to the House committee. The Democrats are labor dependables such as James E. Murray of Montana, Matthew Neely of West Virginia, Paul H. Douglas of Illinois, Herbert H. Lehman of New York, John F. Kennedy of Massachusetts and Lister Hill of Alabama. Add a Republican like George D. Aiken of Vermont, and labor's friends conceivably could write their own ticket in the committee, with Sen. Taft in the minority.

That would do them no ultimate good, however. Without Taft's support they would be stopped in their tracks in the Senate, where labor has only about 35 votes out of the 96.

• **New Note**—All this is little more than a calculation based on past performances. But some new factors have been introduced that may have some weight.

First and foremost is the conciliatory tone set by President Eisenhower through the appointment of a labor leader, Martin P. Durkin, as Secretary of Labor. The President thereby set an example of moderation and cooperation.

Second, labor leaders—for the time at least—have abandoned the bellicose approach. That could influence Congressional decisions. Labor acknowledges that mathematically it's worse off in Congress than it has been for several years, but in spite of that, its chances of getting a bill through that would be favorable to labor are better because of the "friendlier attitude."

LABOR BRIEFS

Membership drive launched by the Communications Workers (CIO) in the telephone industry aims at signing up an estimated 40,000 nonunion employees of companies under CIO contracts. The campaign is a prelude to contract talks with Bell System companies, due to start later this month.

Deadlock brought contract talks between Fall River (Mass.) cotton manufacturers and CIO's textile union to a quick halt last week. The union rejected employer demands for lower "fringe" costs, to reduce the North-South differential; employers refused a union demand for an 8½¢-an-hour raise, to bring rates back to where they were before a 1951 pay cut. The union warned of a strike Mar. 15.

Polio insurance is sought by the Federation of Westinghouse Salaried Unions, a white-collar organization, in bargaining with Westinghouse Electric Corp.

PERSONAL BUSINESS

BUSINESS WEEK

FEBRUARY 7, 1953

A BUSINESS WEEK

SERVICE

Much of the fuss that can come up in managing personal finances is a businessman's own doing: He fails to keep an adequate set of personal records. And this lack of facts and figures invites trouble—not just with tax collectors, but with creditors, and, later on, estate lawyers.

Every executive ought to have some system for keeping track of the vital statistics of his personal life.

It needn't be a complex setup. Often a bill file, a notebook listing tax-deductible expenses, and your canceled checks are all you need. (On top of that, of course, there should be a file for important correspondence and documents, kept in a safe, but easy-to-get-at place.)

The biggest part of personal record-keeping is the job of pinning down the expenses you list as income-tax deductions. When and if the costs are questioned, you'll have to have proof of the payments to get the full deduction. Remember, there's no such thing as a fixed percentage of income that the Treasury automatically approves for, say, travel and entertainment costs.

Here are some of the items you ought to keep tabs on and ways to do it:

Travel and entertainment expenses probably draw the most suspicious stares from tax officials. If your company doesn't reimburse you for what you spend, get your secretary to keep a diary and quiz you regularly on what you've paid out.

Meals, cocktails, and other business lubricants ought to be listed and tied to a customer, client, or transaction. Where you can, get bills to back up the entries; a simple way is to open charge accounts that will give you monthly statements. The same thing goes for business entertainment costs at home. Get bills from liquor and food suppliers and write the business purpose on them.

Keep a record of the mileage on your car, even if you don't use it for business.

You can deduct state gasoline taxes and retail sales taxes on gasoline and oil. The mileage figure is your basis for the deduction. If you use the car for business travel, you'll need the mileage figure again—to pin down expenses.

If you own stocks or bonds, keep track of what you spend for investment counsel fees, legal and accounting fees, safe deposit box charges. You also should have a record of the cost of stocks and bonds to figure your gain or loss on a later sale. Brokers' statements are indispensable for this. Keep them.

Owning your home entitles you to deduct for property taxes and interest on the mortgage. List the costs, and hang onto the bills.

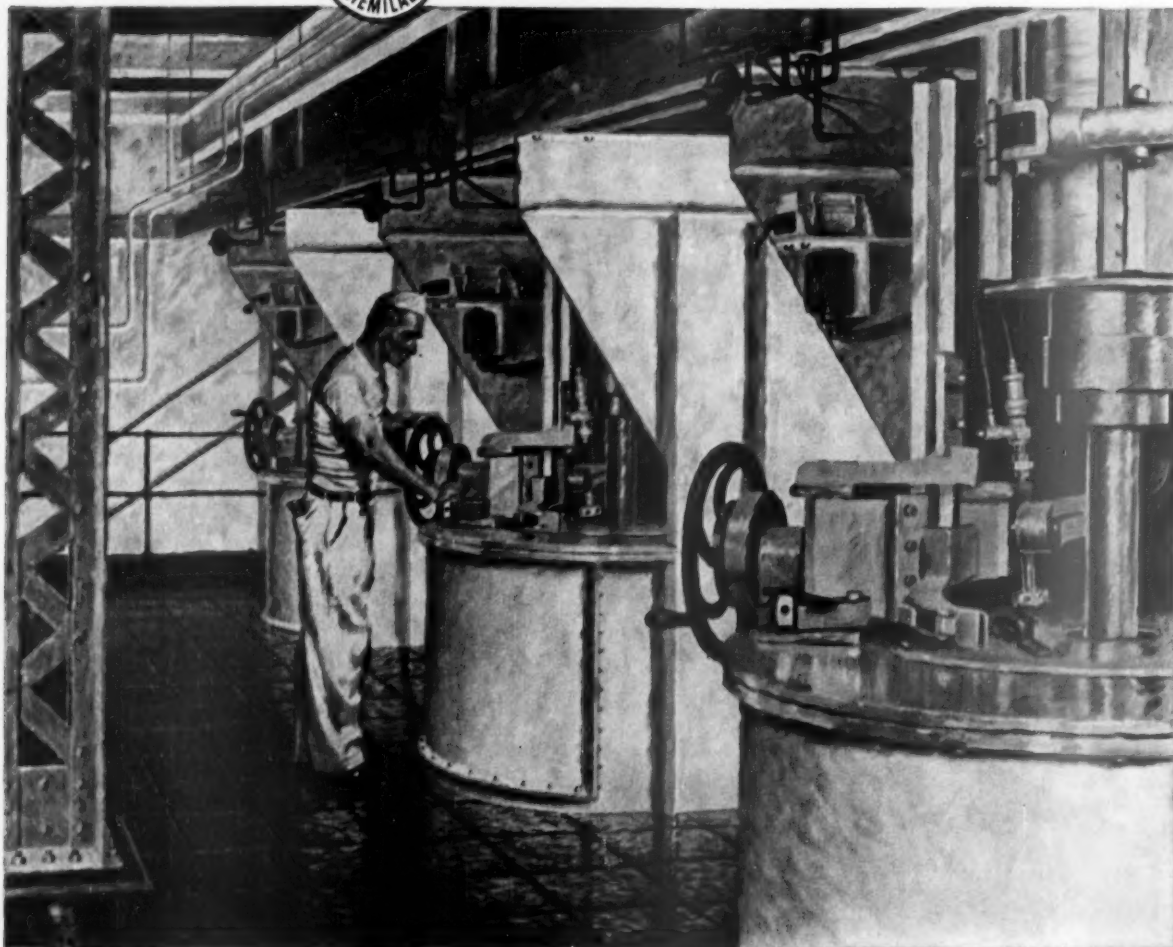
You also get a deduction for casualty losses to the house or grounds from fire, windstorm, etc., if not compensated for by insurance. Get bills for whatever you spend to fix things up or an estimate of the damage if you're simply letting it go.

As a permanent record, you ought to have a file on the cost of the property. This should include legal fees, the cost of title insurance and surveys, and the cost of each material addition or alteration. You'll need the total of these to match against a future sales price to figure your taxable gain, if there is one.

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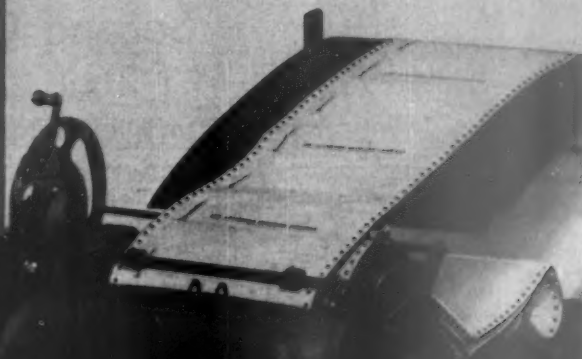


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BUSINESS FORMS



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PERSONAL BUSINESS (Continued)

BUSINESS WEEK

FEBRUARY 7, 1953

Canceled checks are good proof of any large donations you make to churches, charities, or schools. But you should also keep some notation of small cash contributions. And if you give property—instead of money—get and file a written appraisal of its fair market value.

Finally, it will help keep track of medical costs if you open a charge account at your drugstore. You'll have an exact record of what you spend.

How should you keep records?

One simple way is to set up a tax notebook and maintain it through the year.

Keep a bill file. Use a monthly or alphabetical separation, and insert all your bills, receipts, memoranda, and pertinent correspondence. Hang onto all canceled checks—except those written to "cash."

The minimum time you should keep all records, at least for tax purposes, is four years. In ordinary cases, the government has three years after you file a return to assess additional taxes on it.

Who keeps the records isn't too important. You, your wife, or your secretary can do it. But remember this: Even if you dump the problem on your accountant or lawyer, it's still your responsibility. You have to supply him with the basic facts and figures and the evidence to back them up.

New reports on fluoridation experiments bear out earlier findings that tooth decay in young children can be cut down drastically.

Results of a six-year test in Marshall, Tex., where fluoride was added to drinking water, showed that: (1) children had 57% fewer cavities than those in the same age group in a nearby city where fluoride wasn't added; and (2) more than 35% of the Marshall six-year-olds had no cavities at all, while only 13% in the other city had no decay.

There's still sizable opposition to fluoridation, though. Some experts feel there's too little known about possible ill effects on the body. And a Congressional committee has warned that "questions concerning the safety of [the] program . . . warrant a conservative attitude."

Dogs don't seem bothered by it but people apparently have set ideas on what is and isn't a fashionable canine.

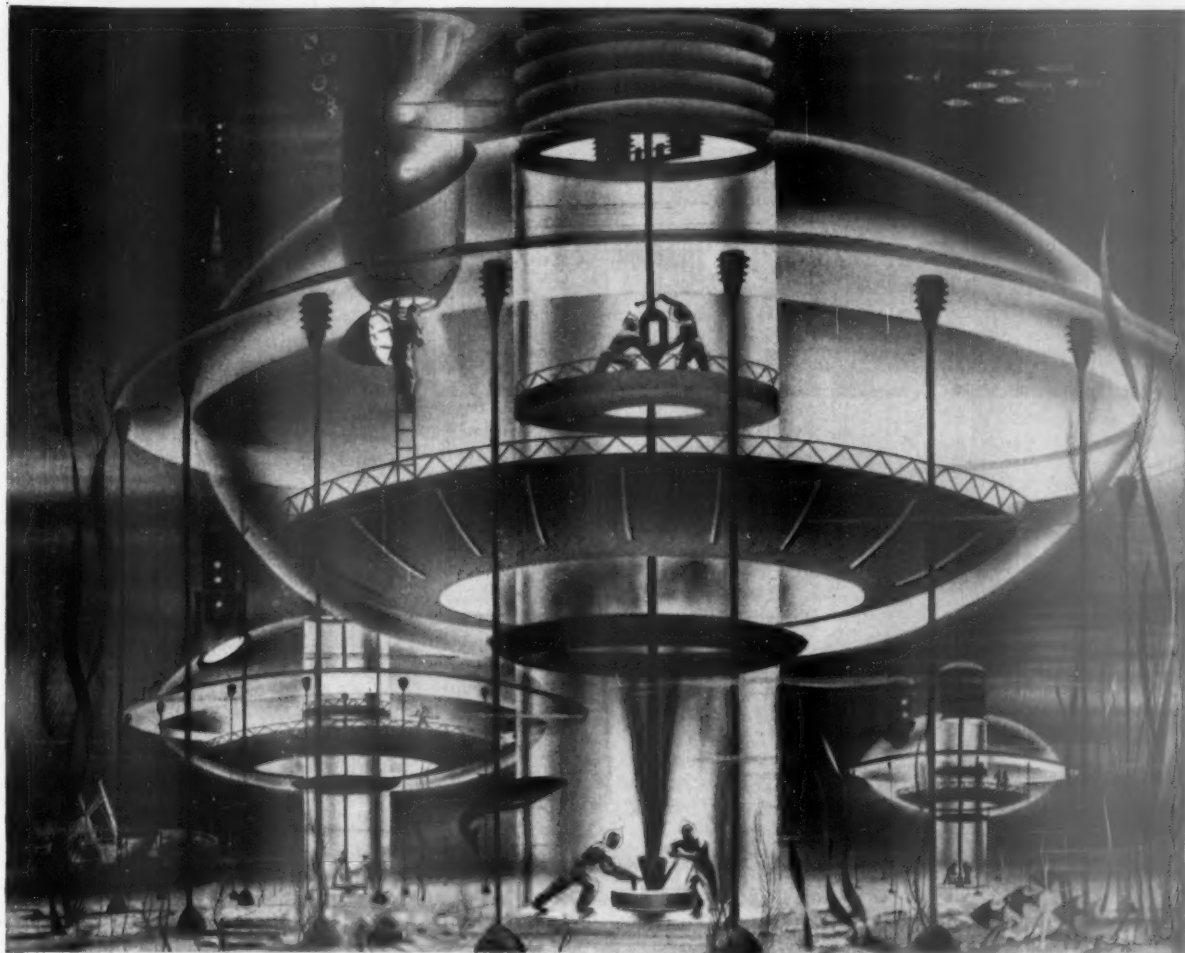
Note, for instance, the entries for next week's Westminster Kennel Club show, the parade ground for dogdom's elite. **Dachshunds lead the list**, the 19th time they have been either first or second in enrollment. Next in line, in terms of numbers, are poodles and boxers.

A better indication of what pups people prefer probably shows up in registration figures of the American Kennel Club. Totals for 1952 give top rank to cocker spaniels, followed by beagles, boxers, collies, and dachshunds.

Rising country-club costs keep building pressure for higher dues and bigger assessments on members.

In its latest study of club costs, Horwath & Horwath, hotel-trade accountants, found total operating expenses in 1951 averaged 87.6% of membership dues, leaving only 12.4% for fixed property charges and depreciation. That compares with an average of 76.3% of dues the year before. Seventeen clubs figured in the survey.

Biggest single operating expense: the clubhouse itself. It took just a shade under 50% of the dues dollar.



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COMPANIES



PRESIDENT LEO M. HARVEY is determined to make a go of Harvey's...

Second Chance at Aluminum

After one false stab, Harvey Machine Co. has speared facilities to start making its own aluminum.

The Harveys of Los Angeles are on the threshold of a long-sought but elusive goal—making their own aluminum to supply their fabricating business. But they're keeping their fingers crossed until the first ingot is cast.

That's because once before Harvey Machine Co., Inc., had one foot in the aluminum-making door when it was slammed shut at the last minute—with the Harveys on the outside. This time the way seems to be clear. Harvey is about to become the sixth U.S. producer of aluminum.

This week, perched on the edge of his chair, president Leo M. Harvey eagerly told how he plans to spend roughly \$65.6-million for facilities at The Dalles, Ore., to make 54,000 short tons of aluminum yearly. Tight in his fist is a certificate of necessity for a fast tax writeoff on 85% of the amount. If a visitor can hogtie him long enough, he'll go on to explain that he's taken care of the financing and now he's busy working on his ore supply, though he is in the courts over a snag in that department.

• **Muscle-Building**—Leo is a man who believes in action, not words. He has

shunned publicity up to now. At the first chance, Leo jumps up and insists on a grand tour of the plant. There he is in his element. He savors the smoke, noise, and heat as he would a good cigar.

• **Geared for Action**—Getting his own supply of aluminum has been almost an obsession with Harvey ever since he started the company with one employee in 1914. When the government decided it would have to bring in new, small producers to meet third-round expansion goals (BW—Aug. 4 '51, p. 26), Harvey saw his chance, and moved fast.

Given a break, the tough-minded, tightly knit Harveys are in a position to move fast. The company, which rings up about \$30-million in annual sales, is family owned; there are nothing but Harveys on the board. Besides 66-year-old Leo and son Lawrence, a vice-president and chairman of the board, there are Leo's brother Herbert, vice-president in charge of production, and another son and vice-president, Homer.

• **Shut Out**—On their first try to break into the aluminum circle, the Harveys moved fast—but not far enough. Harvey's entire plan for a \$46-million plant

at Kalispell, Mont., all but sewed up, slithered through his fingers (BW—Nov. 24'51,p168).

The reason was the government wanted Harvey to take on a rich partner (BW—Nov.10'51,p20). Harvey took a dim view of this at first, but in the end he yielded and turned over his site and power commitments to Anaconda Copper Mining Co. For his land, plans, and power, Harvey got a share in ownership and a guaranteed option on up to one-third of the Kalispell production.

As it turned out, Harvey figures the Anaconda tie-in was as good a salvage job as he could make out of Kalispell. For one thing, he gets his precious aluminum supply. Another thing pleases him, too. Anaconda is more competition for aluminum's big three—Alcoa, Kaiser, and Reynolds. Harvey blames them for a lot of his troubles. And after Kalispell, he was more determined than ever to break into their magic circle.

• **In Again**—Now Harvey has both feet planted inside that circle. The Dalles project figures to be as big as his original Kalispell dream. The tax writeoff covers the works from bauxite to bar, including an aluminum reduction plant, an alumina plant, development of bauxite facilities, and associated transportation.

There's one big change in Harvey's present plans. He has set aside all of \$204-million for his alumina plant. This is considerably more than the \$11-million he estimated for an alumina plant at Everett, Wash., to supply the proposed Kalispell plant. There's a good reason. Harvey wants to explore the possibility of getting alumina from native bauxite clays. He is convinced that he will eventually get alumina from the Columbia River Basin.

• **Confident**—Harvey expects to have his first aluminum on the market in the middle of 1954. Under his arrangement with the Defense Production Administration, he must offer 75% of his production to independent fabricators at the market price. Harvey has no qualms about this—even though his plant will cost many times that of some existing ones. The market price, he explains, is always pegged at what it costs to produce one pound of aluminum at the newest plant.

Besides this, Harvey has some money-saving tricks up his sleeve. For one thing, he is eager to try out a string of shallow-draft ocean barges he will use to haul his ore, most of which he expects to get from abroad until production of alumina from native clays is feasible. Barges are easy to get up the Columbia River to The Dalles, Harvey points out. And their shallow draft gets them into the oft-times mud-choked harbors in, say, the Guianas, where

Harvey would like to get his bauxite.

The money saving on barges is impressive. Leo's son Lawrence figures that a Liberty ship with a net of 8,000 tons of cargo costs \$2,000 a day to operate. For \$800 or \$900 a day, Harvey says he can haul 20,000 tons with a line of barges of 4,500 tons each. Of course, the barges travel only one-third as fast and will spend more time at sea, but even so, Harvey figures he will save up to 60%.

• **Fell Through**—Ideally, Harvey will send a cargo such as gypsum to the East Coast and backhaul the bauxite from the Guianas to Oregon. The way he wants to get his bauxite in the Guianas, however, has pulled the only snag in his plans and has involved the Harveys in a legal tangle with American Cyanamid Co. and two other companies.

Leo's version of what happened is this. He says he made an oral deal to buy the long-unprofitable British Guiana mines of Berbice Co., Ltd., a subsidiary of American Cyanamid. However, he says, Berbice broke the agreement and sold to Reynolds Metals Co.

• **Hopeful**—The Harveys have brought suit against all three companies in the U.S. Court of Appeals in New York. They base their case on a single copy of a memorandum of sale which Harvey says his attorneys found in Berbice's files and on a copy of a cable from Berbice in New York to its South American office announcing its intention to sell to Harvey.

If Harvey eventually wins the case, he will make the Berbice mines his principal source of bauxite. But he's not counting on it entirely. Meanwhile, he is looking into other supply sources in the Guianas, the Caribbean Islands, and possibly Singapore.

• **All-Out**—Certainly The Dalles project is the most exciting prospect for the Harveys right now. But that is not all of their current expansion plans, by any means. Harvey has just got government approval for a \$20-million rolling mill, which will be the first rolling mill on the Pacific Coast for production of aluminum sheets, strips, and circular shapes, Harvey says.

Besides this, Harvey has bitten off a \$47.5-million chunk of the government's heavy press program. Ground-breaking on that project, which will require 700,000 sq. ft. of factory space, a plant the size of Harvey's present Torrance plant, will take place some time next month.

All this expansion at one time doesn't worry the Harveys. "Profit is proportional to the risk you take," says Leo. For a long time, he says, he was pushed around by the big boys simply because they were big. Now he is flexing his muscles to parlay in the big league himself.

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*The same general type of institution is also familiarly and legally known as: co-operative bank, building and loan association, home-stead association, savings association, building association.

Schwarzenbach was the first house to volume produce fabrics made of the new inexpensive Chromspun; they account for 50% to 75% of its output. But it isn't deserting its old standby, silk, by any means. The trade sees signs of a new heyday for silk.

Schwarzenbach is pioneering with three new blends of Orlon and silk, which mix in the rich hand, or feel, of silk with the utility qualities of the synthetic fibers.

COMPANY BRIEFS

Reo Motors, Inc.—maker of truck engines and chassis, and lawn mowers—is diversifying three ways. It bought the name, special tooling, and manufacturing rights of Pal Wheel Goods Div. of Northern Indiana Steel Supply Co. to build velocipedes, kiddies' vehicles, and lawn gym sets. It's also starting an industrial and marine engine division. And it's about to turn out a new in-board marine engine kit.

Bryant Heater Div. of Affiliated Gas Equipment, Inc., has branched out of the custom-built air-conditioning field into the mass market with a package it calls the Command-Aire twins—a combination home air conditioner and an oil- or gas-fired furnace. The compact twins, styled exactly alike, may be installed and operated separately or together.

Army Ordnance has drafted Pressed Steel Car Co., Inc., to take over and operate its Rockford (Ill.) ordnance plant on Mar. 1. The plant was designed to produce 155-mm. shells. Pressed Steel Car will supervise installation of a second line to manufacture 105-mm. shells.

Dow Chemical Co. will try its hand in a new field—the packaging of permanent antifreeze under customers' private-brand labels. Dow, which makes ethylene glycol, the principal ingredient of permanent-type antifreezes, says its product has a new chemical concentrate that will give autos extra protection.

A move to diversify products and services through merger is being planned by National Cylinder Gas Co., of Chicago, and the Girdler Corp., of Louisville. National Cylinder is a big producer of industrial gases and welding and cutting equipment. Girdler Corp. makes processing equipment for the chemical, food, textile industries, and manufactures high-frequency heating apparatus. The merger idea grew out of common ownership by the two companies of Tube Turns, Inc., maker of seamless welding fittings and flanges.



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A Last Resort . . .

. . . saves ultra-conservative silk house, Schwarzenbach Huber Co., from tottering over the brink.

A company, like anybody else, has to change with the times if it wants to keep in the competitive swim. To keep abreast, it has to acknowledge new developments in its field; to be a leader, it has to come up with something still newer, and better.

Nobody knows this better, or has learned it a harder way, than fabric-maker Schwarzenbach Huber Co., the world's biggest silk house in the 1920s. Schwarzenbach was almost doomed before its ultra-conservative management would recognize the existence of man-made fibers.

• **Reprieve**—A silk house in a silkless generation, Schwarzenbach decided to make itself over—and it did, in a big way. Not only did it emerge from its cocoon, but it developed a new synthetic blend of its own.

Equally important, Schwarzenbach was the first to recognize and has taken the lead in promoting new, color-fast Chromspun—probably the most talked-about fabric in the trade this year.

• **Heretic**—Most of the credit for Schwarzenbach's recovery goes to young, aggressive Robert Schwarzenbach, who took over the reins as third-generation president in 1950. A graduate engineer of the Federal Institute of Technology in Zurich, 35-year-old Robert had watched rayons and other synthetic fibers take over the fashion markets, while Schwarzenbach and other silk houses floundered. Heavy financial backing was the only thing that held Schwarzenbach up on its wobbly legs.

Schwarzenbach management finally realized that even money in the bank couldn't hold out indefinitely. There was just one last chance: Turn the company upside down. When young Schwarzenbach became president, after four years of bucking management as vice-president in charge of production, he did just that. He weeded out the dead wood, formed a new sales organization, replaced obsolete equipment, and modernized merchandising techniques. All he needed was something to sell.

• **A Find**—He found it in Tennessee Eastman's new made-in-color Estron acetate fiber, Chromspun. Instead of being dyed in the yarn, the color in Chromspun is put in the solution before it is strained into yarn. The result: It never rubs off or fades—a problem the trade has been trying to find the answer to for years.



AFTER EXECUTIVE MEETING Von Willer, right center, listens to J. F. McMullen, superintendent of the car department. Johnston is in right foreground.



KEEPING 'EM ROLLING is only indirectly his problem. He checks car loadings with H. H. Clark, superintendent of transportation, and H. J. Seib, chief clerk.



Traffic V-P (Story continues on page 130)

TOP JOBS



DAY'S WORK for Harry Von Willer, head salesman for Erie, starts with phone call.



POLICY MATTER brings Von Willer to the office of president Paul W. Johnston (seated). The two men are in almost daily contact, even when Von Willer is traveling.



PASSENGER service takes up only 5% of Von Willer's time. Here he gets report from A. G. Oldenquist on need for extra cars.

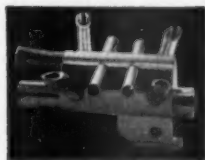


FREIGHT traffic is Von Willer's main concern. C. R. Martin, a freight traffic manager, gives him news about a competitor.

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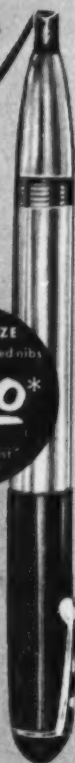
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**"... the job of a traffic
vice-president shouldn't be
confused with the operating
end ..."**

VICE-PRESIDENT starts on p. 128

The sun was just coming up when Harry W. Von Willer, vice-president (traffic) of the Erie Railroad Co., got off a train in Cleveland a few weeks ago. By 8 a.m. on that Friday he was in his office on the 13th floor of the Midland Building in Cleveland. It was a typical beginning of a typical work day.

Von Willer hadn't seen his desk since the previous Monday evening—he had been mending commercial fences since then, winding up with an address to shippers and traffic officials in Cincinnati the night before. His secretary, Victor DeBard, was ready for action; Von Willer often reaches his desk as early as 7:30 a.m. after an overnight train ride.

I. A Day at the Office

Within an hour, the two men had disposed of a three-day accumulation of mail. Then Von Willer started to round up information on car leasing, for a big shipper with whom he had breakfasted on the train coming up from Cincinnati.

Soon after 9 o'clock, Von Willer greeted his first visitor of the day, Willis T. Pierson, the Erie's general counsel and also a vice-president. For two hours the vice-presidents discussed how the railroad could capitalize on the steel companies' growing importation of iron ore via East Coast ports.

• **Coal Cut?**—Von Willer's hour before lunch was allotted to George A. Lamb, his assistant in charge of coal traffic. Lamb reviewed the 1952 record and estimated the coal tonnage that should move during 1953. Then the men got down to a big worry: How will the increasing use of natural gas and oil in the Erie's former coal-burning areas affect the tonnage of coal carried by the road? A lot, they decided, and the only thing to do about it is fight for a bigger share of the coal tonnage that survives.

• **Sales Job**—Up to the luncheon break, Von Willer had spent all his time on freight traffic—more specifically, iron ore and coal. That's a fair reflection of his official interests. Half of the Erie's freight tonnage comes from coal, coke, and iron ore; though it yields less revenue per ton than many other commodities, this bulk stuff demands top attention.

The job of a traffic vice-president for a railroad shouldn't be confused with

the operating end of the road. In a railroad, traffic means sales. And in any other industry Von Willer's title would be vice-president in charge of sales.

Since he's basically a traveling salesman—one in a \$40,000 to \$50,000 a year bracket—Von Willer has an irregular home life. This Friday, in fact, he had foresightedly made a luncheon date with his wife, Roberta.

The Von Willers met in the lounge of the Fred Harvey Oak Room in Union Terminal. Mrs. Von Willer was armed with newspaper clippings to bring her husband up to date on events during his absence.

• **Afternoon Docket**—At 2 o'clock, Von Willer returned to his office. G. F. Mills, his administrative assistant, was ready with a stack of letters needing Von Willer's signature.

From 2:30 till after 5:30, Von Willer dealt with a stream of varied problems. Here's how the afternoon went:

• **D. M. Lynn**, in charge of industrial development, reported trouble in persuading a city to ease zoning restrictions on a tract where the Erie wants to locate a customer's new factory. He also gave Von Willer a plan for buying a tract in another city to serve as bait for a new factory.

• The retirement of three employees on pension brought up a personnel problem that was quickly disposed of.

• Von Willer received and studied the final report on the year's series of educational tours for selected traffic department personnel.

• At 4:30, Von Willer kept a date with company president Paul W. Johnston to discuss 1953 prospects. He also reported on a New York conference of all eastern railroads concerning apportionment of transcontinental rates.

• He spent half an hour with E. S. Root, chief of research, on the traffic department's forecast for 1953.

• Finally, at 5:20, he went to the office of H. H. Clark, superintendent of transportation, to check on carloadings and transfers from connecting carriers in the previous 24 hours.

This working day lacked one element: The usual half-hour morning meeting of Erie executives was called off. All executives attend these daily meetings, which update them on any unusual happenings of the previous day.

• **No Long Weekend**—It was nearly 6 p.m. when Von Willer headed homeward. He was scheduled for a half-day's work in the office the next day, Saturday. Then he would board a train again Sunday night for an all-day meeting of shippers in Detroit on Monday. He would spend Tuesday and Wednesday with R. E. O'Grady, his regional assistant in Chicago.

Spending most of his nights on a Pullman or living out of a suitcase in

out, as he had suspected, that Erie made a little profit on it. And he is convinced that carload lots will follow if the road does a good job of moving a shipper's LCL shipments. So he is out to double LCL volume in 1953.

Here he butts heads with one of his company's subsidiaries, National Carloading Corp. Erie has owned this company since 1949, when it bought out the holdings of Chesapeake & Ohio Railway Co. Von Willer is a director of National Carloading, too.

National Carloading is a freight forwarder. It collects and distributes LCL freight, using Erie facilities mostly. So Erie and National Carloading salesmen vie for the same business, while Von Willer smiles at the rivalry.

• **Sales Pitch**—Von Willer is a conservative man. He has no use for the backslapping sales approach; he trains his salesmen to make their pitch with a minimum of byplay. But he is receptive to new ideas that can be translated into salable service features.

Erie's Jersey City-Chicago route is a little longer than competing routes—100 mi. longer than the Pennsylvania, 50 mi. longer than the New York Central, a few miles longer than the Nickel Plate-Lackawanna route. So the Erie has to offer added services as compensation.

One such service is the "Quick Action" car locator system, worked out by the operating department. It provides a daily report of the location of every car in transit, so a car can be rerouted without loss of time.

• **Poor Cousin**—Passenger operations get only about 5% of Von Willer's time. That's in proportion to their contribution of 4% to gross revenue. Von Willer would like to shed the commuter business as soon as possible.

• **Training**—Von Willer spends a lot of time on personnel selection and training for his department. That's one function he doesn't delegate.

Until Erie's shake-up in 1941, a new employee learned on the job, picking up scraps of information here and there. Among the first things Von Willer did when he became vice-president was to start a job-training program. When he found no suitable textbook for his classes, he and other Erie executives wrote one, later published under the title of Traffic Fundamentals.

To keep the sales force up to date on Erie's facilities and service, Von Willer holds regional conferences at close intervals. He also gives his salesmen a two-week tour of the entire system.

IV. Career on the Rails

A career in transportation was the last thing Von Willer planned for himself at the time he graduated from



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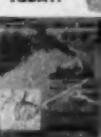


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a hotel circumscribes Von Willer's social life at home. On this Friday night, like most nights at home, he had his customary two bourbon highballs before dinner, and after dinner settled down to talk with his wife.

II. Erie's Hierarchy

As vice-president (traffic), Von Willer is answerable only to Johnston, Erie president. He has just one task: to turn up at least \$175-million in revenue each year. This he made with more than \$3-million to spare in 1951, the biggest year in the Erie's history, and by more than \$1-million in 1952 despite an estimated \$6-million loss from the steel strike.

To produce this revenue, Von Willer has a force of 475 to 500 employees in his department. Only the operating department is larger.

• **Insatiable Demand**—In the past eight years, the Erie has spent about \$125-million to improve the road's services and to increase its capacity. Though this program is now tapering off, Von Willer and his aides have to meet a constant demand from the operating department for more business.

To answer this cry, Von Willer himself beats the bushes for new business. He travels 150,000 mi. a year, makes more than 100 speeches, and visits hundreds of customers. He regards these trips as effective in keeping up the enthusiasm of his sales force, in maintaining friendly relations with old customers, and in digging up potential freight shippers.

• **Five Branches**—Von Willer's department is broken into five divisions, with an assistant vice-president at the head of each:

• Three are regional offices headed by D. R. Thompson, Cleveland; E. J. Dean, New York; R. E. O'Grady, Chicago. Thompson also supervises passenger traffic, which produces only about 4% of the Erie's gross.

• The fourth is the highly technical division that deals only with the rate structure. It is headed by Alfred Blaucl.

• Fifth is the industrial development division headed by Lynn.

The assistant vice-presidents supervise the Erie's 46 sales and service offices in 14 on-line cities and 32 other areas (including points in Canada and Mexico) that originate freight in large volume.

III. The Selling Job

In any railroad traffic department, the eternal challenge is to get a fair—or more than fair—share of the potential freight business. This means competing not only with other railroads but also with the trucks.

In the Erie's traffic department, Von Willer and his staff have inherited one peculiar problem: The Erie originates only about 46% of the 42-million tons of freight it carries each year. That's not good. Originating 50% of freight is considered only a fair performance.

• **Digging Up Business**—Von Willer, of course, is pushing the long-term industrial development of the Erie's route. The more factories and warehouses, the more freight Erie can generate.

For the short term, the only thing Von Willer can do is sell aggressively to off-line shippers and keep the on-line shippers happy. He also keeps in mind the desirability of upgrading Erie's freight tonnage. Bulk stuff is fine for volume but low on profit. Coal and coke, for example, make up 33% of Erie's tonnage but only 12% of revenue.

• **Research Helps**—To determine which classes of freight should be sold most vigorously, Von Willer uses a study that was made by the company's research department, which he helped found. The unit isn't part of his empire, but his traffic department uses from 65% to 80% of its time.

As one of its first studies, research drew up a table showing net profit or loss to the company for each type of freight handled. This guides the sales force in pinpointing its efforts. The Erie continues to carry lettuce, but its salesmen are plugging for shipments of citrus fruits.

At Von Willer's request, research has also studied passenger train revenues and costs, revenue estimates for years ahead, freight and passenger potentials on which sales quotas could be based for each sales office.

• **Delegating Work**—Von Willer gives his regional assistant vice-presidents a free hand in managing their areas. It is only when the regional office has exhausted its resources that a sales problem reaches the boss in Cleveland.

Usually, Von Willer cracks most of the tough nuts merely by discussion with his regional assistant, leaving the latter to carry on. Sometimes, however, he steps in personally to visit the shippers involved.

Von Willer doesn't mind this kind of trouble-shooting. In fact, he regards his personal calls on customers as the pleasantest part of his job.

The personal touch is constantly preached by Von Willer. He insists that every present and potential shipper be visited by a regional salesman at least once every two weeks.

• **Small Lots**—He also exhorts his salesmen not to scorn the smallest shipment. Erie makes a big play for LCL (less than carload lot) freight; most other roads regard this class of freight as a costly nuisance.

Von Willer put the research staff to work studying LCL freight and found

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high school in Indianapolis. His father was a New York Central conductor, however, and that fact brought him eventually into railroading.

Von Willer's schoolday plan for life led him toward electrical engineering. He entered Purdue University in 1914 (at the age of 18) with that aim in mind. But his father died a year and a half later, and he had to leave college. He was still determined to get into the electrical field. So he got a job with an electrical contractor. The job soon petered out, and Von Willer resisted no longer when an old friend of his father offered him a job as a freight receiving clerk on the New York Central.

Then came America's entry into World War I. In 1917-19, Von Willer was in the Army as a horseshoer in the 113th Field Signal Battalion. He was discharged with permanent rank of first-class sergeant.

• **Postwar—**Returning to the New York Central in 1919, Von Willer won minor advances. He quit in 1923 to become chief clerk for the Erie at Indianapolis. This move started his ascent through the ranks of the traffic department, serving at offices in Springfield, Ill.; Minneapolis, Youngstown, Pittsburgh, Cleveland before his present appointment.

• **The Man—**Von Willer is methodical, a perfectionist, and a realist. Typical of railroad men, he employs only male secretaries, uses a rolltop desk as well as a conference-type work table. He carries two watches; a pocket watch that he relies on, a wrist watch for a quick look (though he regularly forgets to wind it).

The Von Willers live in a modestly fashionable home in Shaker Heights, residential suburb of Cleveland. He hires men to maintain the house and lawn but reserves the care of the rose garden for himself.

Von Willer has great powers of concentration, either in the office or at home. He feels smoking helps him in this, and he smokes a pipe almost incessantly.

To keep abreast of the news, he regularly reads Traffic World, Sales Management, and the New York Times, and skims the marked copies of the Wall Street Journal, Harvard Business Review, and BUSINESS WEEK that his secretary feeds to him. Mrs. Von Willer keeps him up to date on local affairs by her clipping service.

• **Taking It Easy—**For relaxation, Von Willer likes nothing better than a two-bit game of poker with his intimates in the transportation business. He enjoys golf but fares badly at it.

On his overnight train trips he also finds time to read. He swears by a paperbacked cowboy story or detective thriller as a cure for insomnia.



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The Era of Big Budgets

The \$78-billion budget that President Truman presented to Congress just before he left office is the symbol of an era of high spending and high taxes. This is the third budget in a row that has totaled over \$70-billion. It is the third straight budget to claim over 25% of the national income. These have, of course, been three years of increasing defense expenditures. On this basis, it has also been easy to overlook the dangers in big budgets.

Too Big a Burden

The greatest danger—as pointed out on this page before—is that our ramshackle tax system will not support budgets of \$70-billion to \$80-billion without repressive effects on the private economy. Taxes on individuals and corporations—particularly the excess-profits tax—are at rates that strangle business growth and undermine individual initiative.

Big budgets also are a symbol of the increasing concentration of power in the hands of the federal government. The power to spend is the power to hire and fire for 2.6-million federal jobs according to policies set in Washington. The power to spend is also the power to discriminate in favor of, or against, individuals or business groups in the placing of government orders, as attested by the frequent riders attached to appropriations bills for this purpose.

Big budgets have prevented any significant reduction in the national debt accumulated during World War II. And the debt certainly should be cut, to ease the interest burden and to strengthen our fiscal position against future emergency. The federal government would face grave difficulties if another war called for large-scale borrowing, on top of the present volume of floating debt.

In this situation, it is not enough to say, as Truman did, that the budget is big because the Korean war made this necessary. We need a program to bring the budget down, and bring it down by a definite date. The new Budget Director, Joseph M. Dodge, has warned that we can expect no "60-day miracles." But the new Administration can and should set up a goal for the budget reduction to be accomplished during its term of office. This would be in accordance with President Eisenhower's campaign pledge. And in his State of the Union message this week, he said the government's first order of fiscal business is the annual deficits.

The goal should be to cut the budget to \$65-billion or less during the next four years. It would then amount to less than 20% of national income, figured at the normal rate of increase. And the era of big budgets would be ended.

The Truman Administration had argued that no such reduction can be contemplated until the international situation improves. Hence big budgets every year. The alternative approach is to set a goal for lowering the

budget now and stick to it, even if the international situation does not improve. That means cutting expenditures the hard way, by insisting on more efficiency in government operations.

There is obviously no way to reduce the budget substantially without economies in the defense program, which accounts for \$57-billion of the \$78-billion Truman budget. But the possibilities in this area are much greater than Truman had been willing to admit. If the international situation continues tense, defense expenditures, at the present rate of efficiency, may run over \$50-billion for several years to come. But if efficiency in the military establishment can be increased 3% per year—the normal increase in productivity for manufacturing industries—defense expenditures can be cut almost \$7-billion in the next four years without sacrificing a single tank or plane. In this way, future defense requirements may be held to around \$45-billion.

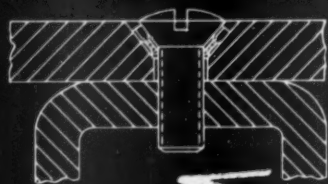
It should be possible to cut at least \$2-billion from the \$21-billion currently budgeted for civilian expenditures of the federal government. Much larger reductions have been suggested in studies prepared by Sen. Douglas, Sen. Byrd, the Committee for Economic Development, and others. But this amount will be sufficient to drop the total budget below \$65-billion if economies in defense are also achieved.

In the past, civilian expenditures have actually proved harder to cut than military spending. From 1948 to 1950, a period of declining defense expenditures, spending on domestic welfare and security projects rose \$3.7-billion. And the pressure for more federal spending—in some cases, desirable spending—is continuous and growing. For example, it seems inevitable that expenditures for the health and welfare of our aged will show a rising trend. Consequently, to achieve a net reduction in spending on civilian programs will require a considerably greater reduction in wasteful spending.

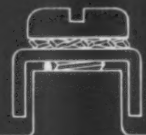
Advance Planning

The persistent tendency of expenditures to rise unless rigidly limited makes it imperative to set the limits in advance. To cut spending on federal civilian programs, the new Administration will have to resist—more successfully than its predecessor has done—the continuing pressure from partisan groups to increase these programs and start additional programs. The new Administration will have to do what the old administration refused to do—to take a look at programs that were started in the depression of the '30s and decide whether such sums are really justified in today's changed economy. This is particularly true in the fields of housing and agriculture.

Finally, the time has come to see what programs now conducted by the federal government can be turned over to state, local, and private management. These are not easy decisions to make. That is why it is so important to set a definite goal and a definite time for ending the era of big budgets.



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